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Daily Report
Central Eurasia

FBIS-SOV-95-144 *27 July 1995*

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ITAR-TASS Carries Press Review for 27 Jul

LD2707064095 Moscow ITAR-TASS in English 0529 GMT 27 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 27 (Itar-Tass) — KRASNAYA ZVEZDA on the situation in Chechnya.

"Yet another 'technical recess' has been announced at the talks in Groznyy. The official version of the time-out is that the Russian delegation did not like rebel general Dzhokhar Dudayev's speech broadcast by clandestine television.

"Dudayev is known to have referred to the negotiators as 'hair-splitters' and stated that they had not been ostensibly empowered to discuss, at least, precisely the items there were put on the agenda. The remarks were made at a time when an intensive exchange of fire was taking place literally outside the windows of the OSCE [Organization for Security and Cooperation in Europe] mission building and quite unambigious statements were being made by field commanders who arrived there in the very nick of time".

"In short, experts are to find out what Usman Imayev and Aslan Maskhadov are — plenipotentiary representatives or local 'dissenters' who acted contrary to the general line of the president-general".

IZVESTIA on Tuesday's Metro blast in Paris.

The newspaper reports the details of the accident and action to eliminate its aftermath. The blast occured at rush hour — at 17.30. "The authorities immediately activated the so-called Red Plan which provides for full mobilisation of police, fire-engines, and ambulance cars that began to arrive at the scene three minutes after the blast, and alerts all hospitals in the capital. Due to energetic actions of rescue services, panic was avoided".

ROSSIISKIE VESTI on the same subject.

The newspaper notes that the first thing police and gendarmerie did was to cordone off the Latin Quarter — the area where the blast occur. Paris Police Prefect's order was explicit: "No idle onlookers and journalists are to be let in". Firemen set up a field hospital, complete with operating tables, blood transfusion facilities, etc. directly on the subway platform..."

ROSSIISKAYA GAZETA frontpages an article dedicated to Russian Prime Minister Viktor Chernomyrdin's upcoming visit to Uzbekistan. The visit is expected to contribute to elevating bilateral relations to a new qualitative stage.

An agreement on basic principles and orientations of economic cooperation right up to the turn of the century is to be signed in Tashkent on Moscow's suggestion. The cotton porblem is expected to be solved on a clearing basis. Uzbekistan will be given guarantees for the delivery of rolled metal, petroleum and timber. It is not ruled out that Uzbekistan-produced gas will be supplied to Europe in transit across Russia.

A memorandum on Uzbekistan's accession to the Customs Union of Russia, Kazakhstan and Belarus may become yet another major result of the meeting. In expectation of an economic advance, which both Moscow and Tashkent plan for next year, the sides will probably conclude an agreement on the conversion of their national currencies. If this is not done, for example, the establishment of an Ilyushin Financial and Industrial Group to manufacture new cargo and passenger planes is inconceivable.

ROSSIISKAYA GAZETA runs a presidential decree relieving Anatoliy Martynov, general director of the Medical Centre of the Business Management Department of the President of the Russian Federation, of his duties in view of a reorganisation of the centre.

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Kozyrev: Serbs Agree Not To Attack Gorazde

LD2607180195 Moscow ITAR-TASS in English 1736 GMT 26 Jul 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, July 26 (Itar-Tass) — During Russian Foreign Minister Andrey Kozyrev's visit to Belgrade it was agreed that Bosnian Serbs would not attack the U.N. safe area of Gorazde, a source in the Russian Foreign Ministry told Itar-Tass on Wednesday.

According to the source, Russia also proposed to send additional UNPROFOR units, including Russian peacekeepers, to Gorazde in order to stabilise the situation there.

Russia believes that this initiative would be supported by warring sides in Bosnia and the world community, the source added.

Troop Redeployment in Bosnia Not Ruled Out

LD2607155795 Moscow INTERFAX in English 1449 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (Interfax) — The Russian defense ministry does not rule out the possibility of redeploying its peacekeepers in safer areas of the former Yugoslavia if their lives are put under threat, Commander of Airborne Troops General Colonel Yevgeniy Podkolzin told Interfax on Wednesday. "But there is no such threat at the moment," he said adding that the Russian contingent was coping with its tasks and its actions were in line with the UN mandate.

He also said it was early days yet to speak in terms of pulling out and bringing home the Russian peacekeepers. "This will be done after the UN Security Council takes an appropriate resolution," Podkolzin said.

Lukin Opposes FRY Sanctions If U.S. Lifts Embargo

LD2607175895 Moscow INTERFAX in English 1456 GMT 26 Jul 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, July 26 (Interfax) — If the US administration decides to lift the embargo on arms deliveries to Bosnian Muslims, Russia must stop sanctions against Yugoslavia, the Chairman of the State Duma, or lower house of parliament, International Affairs Committee told Interfax Wednesday.

Vladimir Lukin is convinced there are no reasonable grounds for keeping sanctions because Yugoslavia is not warring, even in the current difficult situation, and complies with all decisions of the international community.

In Lukin's opinion to stop sanctions is the only way for Russia to make its viewpoint known. If partners will not be persuaded to coordinate their policy with Russia, this country must act on its own, he stressed.

He was categorically opposed to the renunciation of the double key principle which implied that decisions on NATO air attacks on Bosnia required the approval of NATO and the UN Security Council.

The renunciation of the principle actually strips Russia, which is not a NATO country, of the possibility of influencing decision-making, Lukin stressed.

Lukin said he feared that a precedent might be created which would let NATO interfere into a conflict somewhere near the Russian borders and then cross the Russian borders without asking for Moscow's consent.

"Either we work together and jointly discuss the embargo issue or we act under the everybody-only-for-himself principle," Lukin said.

Daily Cites Moscow Efforts To Restrain NATO, Serbs

MM2607144395 Moscow KRASNAYA ZVEZDA in Russian 26 Jul 95 p 1

[Report by Aleksandr Golts: "Will the Conflict in Bosnia Be Stopped Before It Becomes General Carnage?"]

[FBIS Translated Text] Leaders' domestic policy considerations, emotions, and ambitions have clearly outweighed common sense in the Western states' decisions on Bosnia. Ignoring not just the objections of Russia and Ukraine but even the fears of their own generals, who do not conceal their doubts regarding the effectiveness of both air warfare and land operations, the NATO leadership has embarked on a course of "imposing peace" on the Bosnian Serbs by force. The North Atlantic Treaty bloc's Military Planning Committee is hastily drawing up lists of potential targets for air strikes, including Serb Army air defense systems and other elements of infrastructure.

Meanwhile, on the heights surrounding Sarajevo, French and British forces are being deployed ostensibly to protect the "safe area" but in reality with the intention of making an example of the Serbs. At the same time there is no letup in the pressure exerted on the UN secretary general to relinquish the requirement for his authorization for air strikes. The Atlanticists want to obtain the request to bomb straight from the UN forces command, which will considerably facilitate the whole procedure.

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Here, the NATO members, once they got the bit between their teeth, preferred to ignore the appeals of Russia and Ukraine to abandon the use of double standards with regard to the belligerents. I have heard foreign diplomats say many times in recent months that the Bosnian Serbs are exploiting Moscow's sympathies toward them in a pretty treacherous way. It is plain now that the Muslims, having provoked the Serbs to attack, are now skillfully exploiting the NATO members' anger. "The Bosnian Serbs," the Russian president's special representative, Aleksandr Zotov, remarked at a news conference, "have lost the propaganda war, therefore any escalation in violence works against them. It is no secret to anyone which side is looking forward to this, hoping for external intervention that can be used as cover for wider combat operations in the hope of resolving the issue on the field of arms in its favor."

You only have to glance at the table which we publish on page three [which provides figures for UN, Serb, and Muslim troops at Gorazde] to realize that the Rapid Reaction Forces, equipped as they are with heavy weapons, will, if they get involved in military operations against the Serbs, enable the Muslims to achieve the superiority they need for a major offensive. If the West does take the risk of mounting air strikes, the Bosnian conflict will soon be in danger of becoming a general carnage. There will be thousands of civilian casualties. There will also be considerable danger posed to the UN peacekeeping forces, which the NATO members are ostensibly intending to protect. It is perfectly obvious that they will simply become hostages in the hands of the warring sides if there are air strikes and combat operations spread.

And it is in such a situation that Moscow is trying once again to get everyone back to making efforts to achieve a political settlement. Let us be frank — whatever our diplomats might say about how our stance coincides with that of the West, in this instance they simply do not want to exacerbate relations between Russia and the other members of the Contact Group. Indeed, against the backdrop of the Bosnian conflagration, quarreling is the last thing that is needed! But it remains a fact that the London conference failed to produce a uniform stance.

And now Russian diplomats are involved in a desperate dash to Belgrade, hoping — through the agency of the Federal Republic of Yugoslavia leaders — to influence the Bosnian Serbs and restrain them from launching a suicidal attack on Gorazde and other Muslim enclaves. They are doing this, as Zotov frankly acknowledged, so that their conscience is clear and they can say that every possible option has been exhausted. In actual fact, this is not the first time Russia has tried to reach agreement with the Serbs in order to save thousands of lives at a time when NATO was preparing to attack. But even if this attempt is successful, who can guarantee that the provocations organized next time won't derail the crawling settlement train?

It is perfectly clear that the circumstances are far from conducive to attempts to stop the war and prevent it becoming all- out war. But even in these circumstances Russia has no wish to remain aloof, merely observing the tragedy in the center of Europe. And our military peacekeepers and our diplomatic representatives will be trying to stop it until the very last moment before the carnage begins.

Kozyrev Arrives in Vietnam on Official Visit

LD2707053095 Moscow ITAR-TASS in English 0408 GMT 27 Jul 95

[By Sergey Blagov and Viktor Khrekov]

[FBIS Transcribed Text] HANOI, July 27 (Itar-Tass) — Russian Foreign Minister Andrey Kozyrev arrived in the Vietnamese capital on Thursday morning for an official visit. He is expected to hold talks with his Vietnamese counterpart Nguyen Manh Cam and have a meeting with Vietnamese President Le Duc Anh on Thursday afternoon, after which the Russian delegation will leave by air for Ho Chi Minh City, the largest economic centre in the country's south.

The practical aspects of bilateral political and economic relations are to be discussed during the talks, such as Vietnam's debt amounting to 9,900 million [9.9 billion] "transferrable rubles", and the presence of more than 50,000 Vietnamese citizens in Russia. Military and technical cooperation may also be touched upon during the exchange of views.

The two foreign ministers are to discuss not only the state of and prospects for bilateral relations but regional cooperation as well. Immediately after talks with the Russian foreign minister, Nhuyen Manh Cam is due to leave for Brunei later in the day to attend the 28th meeting of the foreign ministers of the Association of South-East Asian Nations (ASEAN). At the meeting, Vietnam will officially become a seventh member of the association, which brings together Brunei, Indonesia, Malaysia, Singapore, Thailand, and the Philippines. Russian has already welcomed Vietnam's forthcoming entry into the ASEAN, which will raise Vietnam's role in the region.

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On Friday Kozyrev is to leave by air for Brunei to attend the ASEAN Regional Forum on security issues.

Promotes More 'Active' Ties

LD2707083495 Moscow ITAR-TASS in English 0813 GMT 27 Jul 95

[By Sergey Blagov and Viktor Khrekov]

[FBIS Transcribed Text] HANOI, July 27 (Itar-Tass) — At talks held here on Thursday, Russian Foreign Minister Andrey Kozyrev and his Vietnamese counterpart, Nguyen Manh Cam, declared in favour of elevating the traditional versatile relations between the two countries to a new stage.

The two sides called for a more active bilateral dialogue in application to new realities of the international situation. Russia and Vietnam are now faced with broader vistas of wide cooperation, primarily in the political, trade and economic fields, it was pointed out during the talks.

Both Moscow and Hanoi proceed from the need to retain and augment the bilateral cooperation potential gained over the preceding decades, Grigoriy Karasin, Head of the Russian Foreign Ministry's Directorate for Information and the Press, has told Itar-Tass.

The two sides exchanged views on the role of Russia in the Asia-Pacific region, and ways to strengthen cooperation between Russian and Vietnam in regional affairs, he said.

Karasin voiced confidence that the level of bilateral contacts will rise in the near future. The repayment of Vietnam's debt to Russia and the the presence of Vietnamese citizens in Russia were also touched upon during the talks, he said.

Talks Touch on Bosnia Issue

LD2707091595 Moscow ITAR-TASS in English 0845 GMT 27 Jul 95

[By Sergey Blagov and Viktor Khrekov]

[FBIS Transcribed Text] HANOI, July 27 (Itar-Tass) — The potential of a peaceful settlement of the situation in former Yugoslavia even now, at such a difficult moment, has not been exhausted, Russian Foreign Minister Andrey Kozyrev said today at the talks with his Vietnamese counterpart Nguyen Manh Cam, Russian Foreign Ministry spokesman Grigoriy Karasin told Tass. The problem was mentioned at the talks in connection with the interest of the ASEAN member states, especially Islamic ones, in the settlement of the Bosnian crisis.

Kozyrev said that at present it was necessary to count only on the diplomatic methods of settling the conflict within the framework of common efforts of the world community. In his opinion, the situation in Bosnia is not hopeless. The world community should encourage the reasonable stand assumed by Serb leader Slobodan Milosevic concerning ways of settling the Bosnian conflict, Kozyrev said.

The Russian foreign minister visited Belgrade on Tuesday, where he held talks with Serb President Slobodan Milosevic and commander of the Bosnian Serb Army Ratko Mladic. President Yeltsin, who received Kozyrev on Wednesday, gave instructions to him to "firmly stick to a course towards a political solution and the quest for additional steps Russia could take for promoting the settlement of the Bosnian crisis."

Moscow Wants To Keep Logistical Base

LD2607145595 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (Interfax) — Russia is interested in keeping its logistical base in Camranh, Vietnam, a senior official of the Russian Foreign Ministry Viktor Ivanov told a Wednesday briefing in Moscow.

He did not rule out the possibility that military technical cooperation would be one of the topics of talks during the upcoming visit of Foreign Minister Andrey Kozyrev to Vietnam.

According to Ivanov, Moscow proceeds from the assumption that the agreement on Camranh expires only in 2005. "Vietnam does not demand Russia's withdrawal from Camranh but would want to be paid for it. Under the agreement Russia is not bound to pay, but we do not reject the possibility of the joint use of Camranh," the diplomat said.

Answering a question from Interfax Ivanov said that there are only two problems — financial and humanitarian — in bilateral relations.

"The first boils down to the procedure of converting Vietnam's debt to the USSR into US dollars," Ivanov said.

The second is caused by Vietnamese citizens remaining in Russia after the collapse of the USSR. According to different estimates, out of the 100,000 Vietnamese who used to work in the Soviet industry, 50,000 to 80,000 remain in Russia.

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The diplomat stressed that Russia wants a civilized solution to the problem without resorting to deportation — a method used by Bulgaria. "Only those who violate Russian laws should be expelled. Those who benefit the country should only be encouraged," Ivanov remarked.

Visit of Ukraine's Marchuk, Ties With Kiev Viewed

MK2707045495 Moscow KOMMERSANT-DAILY in Russian 26 Jul 95 p 3

[Report by Konstantin Levin: "CIS Economic Problems. Via Transnational Financial-Industrial Groups Toward a Customs Union"]

[FBIS Translated Text] Yesterday, Ukrainian Premier Yevhen Marchuk arrived unexpectedly in Moscow. At any rate, the time and objectives of this visit, which was organized on Kiev's initiative, had been coordinated literally the day before. Nevertheless, Marchuk's initiative was supported by his Russian opposite number, Viktor Chernomyrdin, and Russian-Ukrainian talks at the prime ministerial level will take place today. It is expected that a series of intergovernmental agreements on the economy and culture will be signed. The importance of these documents for Russian-Ukrainian relations is not so vital as to warrant their being hastily concluded. Kiev, however, is not abandoning the hope that by yielding to Moscow on less important things it may achieve greater goals — the lifting of customs duties on Russian energy sources without burdening itself with the obligations of being a customs union member.

Kiev is Developing a Habit of Paying Its Debts

Relations between Moscow and Kiev can hardly be described as idyllic, and they are undoubtedly not going to become such in the foreseeable future. The disturbing factors in their bilateral relations are not only the division of the Black Sea Fleet and its bases, but also purely economic problems. Throughout the three years of its independence, Kiev has not been able to give Moscow a clear answer as to when it is going to pay for the shipments of Russian energy sources. The threats to shut off gas used to achieve only one goal: They alerted the Moscow press, on one hand, and the indomitable builders of Ukrainian sovereignty, on the other, but had little effect on Kiev's politicians, who know only too well that Russia is exporting across Ukraine 90 percent of its gas paid for in hard currency and 30 percent of its oil. Besides not paying their energy bills, the Ukrainians used to quite successfully wriggle out of paying their national debt, which by 1994 had reached $2.7 billion. Moscow's patience finally snapped and, not without help from international financial bodies, Kiev was made to pledge to pay off both its gas debts and its national debt. The payment for that was the restructuring of Ukrainian debts for 12 years. Although the joy of Oleg Soskovets, who signed the restructuring agreement on 20 March, is still not shared by many in the Duma, the debt problem has now lost its urgency. Kiev, according to the Russian Ministry of Economic Cooperation With Commonwealth Member-States [Minsotrudnichestvo], is paying its restructured national debt on schedule: As of 25 July, Ukraine has transferred to Russia $122.3 million out of the 1995 quota of $250 million. Since the start of 1995, the "Gazprom" Russian Joint-Stock Company has received, in various forms, $606 million for gas it delivered way back last year, but considering this year's deliveries, Ukraine continues to be a major debtor for energy sources imported from Russia (Minsotrudnichestvo estimates that as of 1 June, Ukraine's debt stood at 11.098 trillion rubles).

The success scored by "Gazprom" can be followed up in another field. A new type of securities — compensation certificates — will go into circulation in Ukraine beginning 1 August. They are backed by a 30 percent ownership in privatized enterprises and are not registered in the holder's name. "Gazprom" can add to its Ukrainian property through operations in the secondary market.

President Lukashenka in the Role of Moscow's Trojan Horse

The debt problem in Russian-Ukrainian relations was quickly substituted for the customs issue. The heads of administrations in Ukraine's eastern oblasts are insistently demanding from their presidential protege, Leonid Kuchma, some concrete action to lift customs barriers in Russian-Ukrainian trade. This stance is being actively supported by Moscow, albeit indirectly, via Minsk. Belarus President Alyaksandr Lukashenka is constantly provoking Kuchma with tempting statements that he is ready to remove the customs posts along the Ukraine-Belarus border. Lukashenka's calls are striking a chord in Eastern Ukraine, whose enterprises are most strongly dependent on supplies of Russian fuel and components. Therefore the pressure being put on Kiev to join the customs union of Russia, Belarus, and Kazakhstan continues to grow. However, Kuchma clearly does not intend to enter the trilateral customs union on Russian terms, while he soothes advocates of a union with Russia with assurances that he is going to talk Russia into lifting the export duties on fuel supplied to Ukraine. Furthermore, Kiev is

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also ready to cooperate with Moscow in setting up transnational financial- industrial groups. In particular, Yevhen Marchuk's main objective during his Moscow visit is to sign intergovernmental agreements on both the main principles of setting up financial-industrial groups, and the founding of a financial-industrial group in the aluminum sector. Undoubtedly, these agreements (like the one on cooperation in operating the major oil pipelines running across Ukraine) will be signed because they equally benefit both sides. However, the Ukrainian Government's hopes that customs duties on Russian fuel exported to Ukraine will be lifted are clearly in vain. It will have to wait until all export duties in Russia are abolished, which the government has promised for next year.

Fleet Issue Remains Problem at Talks

LD2607151395 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 26 Jul 95

[Report over video by correspondent German Solomatin with recorded remarks at news conference in Moscow with Prime Minister Viktor Chernomyrdin; from the "Novosti" newscast]

[FBIS Translated Text] The problem of the Black Sea Fleet remains one of the main problems at the talks between Russia and Ukraine. Russian Prime Minister Viktor Chernomyrdin said this today after a meeting with his Ukrainian colleague, Yevheniy Marchuk. According to him, progress was made during the discussion, but a number of issues require further work. Chernomyrdin said that the prime ministers of Russia and Ukraine would meet again on 2 August in Moscow where they will continue discussing problems linked to the Black Sea Fleet. He voiced the hope that work on two documents on the principles of the division, status, and deployment of the whole Black Sea Fleet could be completed at the next meeting. Asked about border regulations on the frontier between Russia and Ukraine, Chernomyrdin stressed that the Russian Government would do everything to reach a customs agreement with Ukraine identical to that achieved between Russia, Belrus, and Kazakhstan.

[Correspondent German Solomatin] The talks between the heads of government of Russia and Ukraine began with a one-to-one meeting. They were clearly hammering out the main points of the draft friendship and cooperation treaty due to be signed during Russian President Boris Yeltsin's state visit to Kiev in the near future. Three hours after their one-to-one meeting today, they ceremoniously signed the first four agreements in the presence of all members of the delegations. These covered ecological cooperation, the transit of Russian gas and oil across Ukrainian territory, and cooperation in education and culture. The next package of documents will, as Chernomyrdin announced, will be signed here in Moscow exactly one week from now. In the Russian prime minister's opinion, Boris Yeltsin will arrive in Kiev at the very start of August.

[Unidentified correspondent] TV viewers will be watching the "Vremya" program both here in Russia and in Ukraine. Could you please tell us whether the border between Russia and Ukraine will be more transparent or, on the contrary, even tighter after these agreements that have just been signed and after the friendship and cooperation treaty that may be signed?

[Chernomyrdin] Much depends on us here. What conditions will be created on the border? What do we need to create them? Third countries are one thing while the Russians and Ukrainians are another. That is what we need to deal with here. We want to solve these problems and to solve them faster. We need to remove all the obstacles so that we can make life easier for our people today instead of creating additional difficulties.

Agreements Signed; Details Provided

LD2607143495 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (Interfax) — The Russian and Ukrainian governmental delegations signed several bilateral agreements in Moscow today.

The signing ceremony followed the Russian-Ukrainian talks which involved the two countries' prime ministers, Viktor Chernomyrdin and Yevheniy Marchuk.

In particular, Russia and Ukraine signed agreements regarding cooperation in environmental protection, cooperation in the areas of sciences, culture and education, joint use of oil and petroleum product pipelines, an agreement on principles for creating Russian- Ukrainian financial-industrial groups and a protocol on cooperation between the two countries' foreign political departments.

"The agreement on joint use of oil and petroleum product pipelines is principally important," Russian Fuel and Energy Minister Yuriy Shafranik told Interfax. He said the signing of this document, which was initialled about a year ago, would let Russia export oil and petroleum products to both Ukraine and West Europe through Ukrainian territory.

With regards to bilateral cooperation in the area of the fuel and energy complex, Shafranik said "relevant conditions must be created" for its development. He said he was confident that while such conditions were being

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created, joint projects similar to that on the Russian-Ukrainian petroleum company, created on the basis of the Lisichansk oil refinery, would begin working in full swing.

Work of Chernomyrdin-Gore Commission Viewed

MK2607132695 Moscow SEGODNYA in Russian 26 Jul 95 p 7

[Article by Aleksandr Kudakayev: "Reduction of Russian Nuclear Potential. Some Critical Points in the Work of the Chernomyrdin-Gore Commission"]

[FBIS Translated Text] The beginning of this month saw a regular meeting of Russian and American delegations. This tool of relations between the administrations of the Russian Federation and the United States is better known as the Chernomyrdin-Gore Commission. Formally, this commission is supposed to resolve technical problems of Russian-American relations. According to reports from sources close to the commission, its work is not proceeding very smoothly. The talks of late have been turning into an arena for rather hard bargaining. The sides are constantly linking the implementation of what might seem already concluded agreements to other aspects of policy, including the sides' relations with other states. A telling factor is Russia's vulnerability from the point of view of its economic position and the dependence of this position on foreign loans. The loss of a number of foreign policy positions is also to be noted. Our sources have reported on the present position regarding the implementation of treaties between Russia and the United States on cooperation in the nuclear field.

Agreement on Highly-Enriched Weapons-Grade Uranium and Non-Weapons-Grade Uranium

The above name stands for an accord on recycling highly-enriched weapons-grade uranium from ex-USSR warheads slated for reduction. According to plans, the highly-enriched uranium will be diluted at Russian enterprises to reach the quality of non-weapons-grade uranium, that is to say, to become lightly enriched.

A positive thing accomplished by the talks is that the United States Enrichment Corporation (USEC) agreed to accept Russian uranium products (lightly-enriched uranium) at a price agreed at the time of the signing of the agreement on highly-enriched weapons grade uranium. Until recently, the USEC was calling for cutting the current price by 40 percent. Still undecided, however, remains the question of the so-called natural uranium component. The USEC has not altered its stance — it is not interested in using and paying for the Russian natural component, which accounts for nearly a third of the cost of the lightly-enriched uranium. In this case, Russia would be paid between 3 and 4 billion dollars less (out of the total of $11.2 billion over 20 years).

It is necessary, however, to point out that the USEC has signed with the Ministry of Atomic Energy a protocol on setting aside an advance payment of $100 million in 1996-1997 (in addition to $60 million paid earlier) toward the implementation of the trilateral Russian-Ukrainian-American agreement on the dismantling of Ukraine's nuclear weapons and supplies of fuel for its AES's [atomic electric power stations].

It is interesting to point out that, according to our sources, during the work of the commission the American side let it be understood directly that it would soon be prepared to set aside a large advance (up to $1 billion) under the contract on highly- enriched weapons-grade uranium and lightly-enriched uranium if the Russian side drops cooperation with Iran in the nuclear field. That, naturally, was a commercial credit. If the deal involving the construction of Iranian reactors is dropped, the American side promised a number of further concessions which, however, were not of a fundamental nature.

Treaty on Stopping Production of Weapons-Grade Plutonium

This accord was concluded in June 1994. In the course of mutual consultations there was passed the so-called "Statement of Intentions of 30 June 1994." It was concerned with the implementation of this intergovernmental agreement. The first planned step was to carry out a comprehensive study to find substitute facilities to generate the heat and electricity now being generated by the reactors which produce plutonium in Tomsk-7 and Krasnoyarsk-26. It should be pointed out that these working reactors are being used not only for the production of plutonium, but they are playing a prominent role in providing energy for adjacent regions. When they are stopped, the energy they generated is to be generated by thermal and, again, nuclear facilities that are not so expressly dedicated to the production of plutonium.

In the course of the talks, the American side agreed to put up funds, within the framework of this agreement, to carry out a feasibility study on substitute facilities burning organic fuels and substitute nuclear facilities, as well as to convert the nuclear cores of the industrial reactors that produce plutonium.

There is a set of problems still hampering implementation of this agreement. For example, the United States has agreed to bankroll only a feasibility study ($1 or $2 million) on setting up substitute facilities in Russia

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under the plutonium agreement — the objective being to draft detailed documents which, the Americans think, could be presented to potential private investors abroad to underwrite the necessary projects (at an assessed cost of at least $1 billion).

From all appearances, the U.S. leadership thinks that it is the responsibility of the Russian Government and the administrations of the corresponding regions to build the substitute facilities, while the United States should only conduct feasibility studies and help find foreign investors.

According to Russian sources, this stance of the American side calls into question the implementation of the plutonium agreement inside the agreed timeframe (to shut down the three remaining reactors by the year 2000) and contravenes its provision under which "the sides pledge to take agreed measures proceeding from the understanding that substitute sources shall be built by the same date that the plutonium-producing reactors are withdrawn from operation."

The Russian side thinks the U.S. Administration should take a more vigorous and effective part in providing funds for the construction of the substitute facilities. This view is based on the fact that funding the shutdown of the plutonium-producing reactors and their subsequent dismantling and the construction of the substitute facilities by the Russian side alone is hardly possible. Attracting foreign investors to bankroll such a big project is also a formidable problem.

Prospects for Further Russian-American Cooperation in Cutting and Final Scrapping Weapons of Mass Destruction

Russian sources think that the resolution passed in mid-June by the U.S. House of Representatives to cut funds appropriated within the framework of the Nunn-Lugar Foundation does not promote, even if financing has been stopped, a favorable climate for a successful resolution of the joint tasks in the area of cutting and eliminating weapons of mass destruction. This foundation's programs are carried out in order to promote the process of nuclear disarmament in Russia. The assessment by Russian representatives of the Nunn-Lugar Foundation's role shows that despite some difficulties of an organizational nature, it is making a certain contribution in speeding the process of nuclear disarmament in Russia.

Although the House of Representatives is not the final stage where such important decisions are made, the very fact of its approval of the aforementioned resolution creates a dangerous precedent that may entail serious consequences for Russian-American cooperation in the nuclear field as a whole.

The Russian sources think that implementation of this decision could not only slow down joint projects already undertaken (the shipment of containers for fissionable materials, the construction of a weapons-grade nuclear materials storage site in Chelyabinsk, and so on), but it could also seriously damage many aspects of Russian-American cooperation in consolidating security and nonproliferation of weapons of mass destruction.

Russian specialists think that the suspension of funding has been based on an imagined pretext of allegedly continuing work in Russia on offensive biological weapons. The sources note in this connection that the funding of U.S. Army biological programs in 1981 amounted to as little as $14 million. According to some information, in 1994 the greater part of the $630 million allocated for work on chemical and biological weapons was spent for the same purposes. It is being declared that these programs are exclusively for developing protective measures against a possible biological attack. Despite this, the results of a number of research efforts may be used for both defensive and offensive purposes. The latest achievements in biotechnology generally put in doubt the possibility of any effective protection against artificially created and earlier unknown biological weapons agents. Actual large-scale work in the area of protecting against this mass-destruction weapon is tantamount to developing the country's own biological weapons potential. It is impossible to be certain of the sides' aspirations in this field until the problem of the transparency of work on military-biological programs is resolved.

Regarding the American side's linking implementation of a number of agreements to the scrapping of a deal involving a nuclear power station project in Iran, it is in order to point out a series of circumstances. The U.S. Administration's doubts about the wisdom of improving the nuclear program of the Islamic Republic of Iran are generally understandable. However, according to a view presented in an open report by the Russian Foreign Intelligence Service, Tehran is far away from creating its own super bomb. In the view of Russian analysts, the Russian reactors will not give Iran the possibility to produce fissionable materials in amounts sufficient for the production of atomic weapons. Incidentally, under the Russian-Iranian accords, Tehran agrees to put its new reactors under control of the IAEA, of which the United States is a member. The impression is that calling off the deal between Russia and Iran has become sort of an obsession with the Washington administration.

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Taking account of the pressure and promises of compensation of all sorts, one cannot completely rule out the possibility of Russia deciding against going ahead with the accord with Iran, although this is likely to entail both reduced export potential for its nuclear industry and a further loss of its position in the Islamic world. It is naive to assume that the resulting vacuum would remain unfilled. For example, there are some indications of activity in that region by China, which is also interested in selling its nuclear technology.

Foreign Countries Seek Arms From Tula Firm

MM2707110095 Moscow IZVESTIYA in Russian 27 Jul 95 p 2

[Report by Viktor Litovkin: "'Splav's' Director Does Not Go Abroad for Nothing. Tula Is Selling the Germans Gas Cylinders Made From Rocket Shells"]

[FBIS Translated Text] Tula-Moscow — Nikolay Makarovets, general director of Tula's "Splav" State Science-and-Production Enterprise, has just returned from a trip to the Arab Emirates. Before that he visited Egypt and Bulgaria. Although Nikolay Aleksandrovich did not tell me why he went there, it is not too hard to guess the reason. After the "Rosvooruzheniye" State Company and the Kuwaiti Ministry of Defense signed a contract last year to deliver to that country BMP-3 infantry fighting vehicles and Smerch multiple rocket launchers, which have been created at the "Splav" State Science-and-Production Enterprise, Kuwait's neighbors in the region will also certainly want to acquire equally formidable weapons.

But it is customary not to speak of contracts until they have been signed. Particularly as heightened interest is being shown in Smerch launchers not only, and by no means only, in rich countries in the Near East. Bulgaria stands on its own.

I do not know whether it intends to buy Smerch launchers from Tula. Probably not. They are terribly expensive for our Slav brothers. According to the British magazine JANE'S DEFENCE WEEKLY, one launcher vehicle costs $1.8 million. But it also needs the Vivariy computer reconnaissance system, which is not cheap either, loader/transporters, and 300 mm rockets. At these prices one Smerch volley (12 rockets) costs $1.68 million.

The Bulgarians have set up the "Spelmash" joint venture together with "Splav" and the Moscow Scientific Research Institute of Machine Building, and in the space of three years they have developed and tested and are putting into production a new shell for the "son" of the famous Katyusha — Tula's Grad multiple launcher. It is designed for electronic warfare. No country in the world has it. Although 54 countries have Grads themselves, and they are produced in China, Iran, Iraq, Egypt, and even the Republic of South Africa in addition to Bulgaria. True, they are produced in practically all countries without our license, and in the Republic of South Africa our Grad is not 122 mm but 127 mm and is called Valkiri. But the whole design, the configuration, and even the firing technique replicate our launcher vehicle, which, incidentally, we took out of production back in 1989.

In addition to the Bulgarians, the French are also working to improve the rockets for the Grad. Their firm of Selerg [name as transliterated] has used a new kind of powder for the Russian rocket's engine, so that the range of target kill at once increased by 10 km — from 25 to 35 km. Unlike others, the French have now offered their development to "Splav." The two firms have pooled efforts and will evidently market the new shell together. Particularly as the Grad is just as popular in the world as the Kalashnikov assault rifle. According to Western estimates, there are over 5,000 of them outside Russia, and the number of shells for this multiple rocket launcher already runs into millions.

But it is not weapons alone, albeit very formidable and popular ones, that keep "Splav" going today. Wholesale conversion and the ending of production of launcher vehicles have obliged them to seek nontraditional ways out of the crisis. They have found them in these shells for Grad, Uragan, and Smerch launchers. It turns out that the high-quality metal used to manufacture rockets which bring death and destruction is perfectly suited for a very wide range of gas cylinders, from tourist ones to motor vehicle ones. Moreover, there is a huge demand for such cylinders on the European market, particularly in Germany.

"Splav" and its permanent partner — Tula's "Shtamp" Plant (the very one that was outwardly famous for its samovars but made rockets for all multiple rocket launchers) — have concluded a contract with German firms, have certified their output in Germany, and are now doing their utmost to market cylinders abroad. In terms of sales volume they occupy one-third of the market, both because they are very reliable (such steel!) and because they are comparatively inexpensive (from 50 to 70 marks, depending on capacity).

Conversion output for export makes up approximately 40 percent of the armory enterprise's production volumes. Nikolay Makarovets told me that they are reckoning on increasing this ratio — in the direction of civilian production, of course. Particularly as the Russian Army is insolvent today. Although things are still difficult for the plant, as for everyone, and the average

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monthly wage at "Splav" is only 350,000 rubles, the collective looks to the future with definite optimism.

The plant builds housing, will commission a 78-apartment block for its workers in the fall, and is laying the foundations of a new block. It has preserved young pioneer camps, dining rooms, hostels, and houses of culture and rest. Most importantly, an announcement has appeared on its notice board saying: Wanted: Highly skilled workers.

In jobless Tula with its armories, such a notice is an event.

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Political Issues

Kozyrev, Grachev Tell Yeltsin of Meetings on Bosnia

LD2607133395 Moscow ITAR-TASS in English 1324 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — Russian President Boris Yeltsin, who is now receiving post-hospital rehabilitation care in the Barvikha sanatorium, on Wednesday [26 July] met Russian Foreign Minister Andrey Kozyrev and Defence Minister Pavel Grachev, the presidential press service reported today.

Kozyrev and Grachev recounted to the president their visit to the recent London meeting on Bosnia.

Yeltsin approved their efforts aimed at peaceful resolution of the Bosnia conflict and authorised further work on these lines, the press service said.

In addition, Kozyrev informed Yeltsin that he met Serbian President Slobodan Milosevic and Bosnian Serb commander General Ratko Mladic during his Tuesday visit to Belgrade.

The president and the ministers also discussed the situation in Chechnya and the financing of the foreign and defence ministries.

Yeltsin Considering Bosnia Proposals

LD2607164995 Moscow INTERFAX in English 1456 GMT 26 Jul 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX) — President Yeltsin on Wednesday instructed Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev "to strictly adhere to the political settlement of the Bosnian crisis and step up the search for additional measures which Russia might take."

This was announced by Kozyrev Wednesday after Wednesday morning talks with Yeltsin, also attended by Grachev.

Speaking before a meeting with Macedonian Foreign Minister Stevo Crvenkovski, Kozyrev apologized for being almost 40 minutes late, explaining this by "lengthy talks with the president."

He said that with Yeltsin he had discussed "the results of the London conference on Bosnia," his visit to Belgrade and "further steps to attain a peaceful settlement of the Bosnian conflict."

He pointed out that Yeltsin "is still considering some of the proposals on Bosnia," which he made jointly with Grachev.

Kozyrev also announced that Yeltsin had sent his greetings to the Macedonian president and welcomed Crvenkovski's arrival in Moscow.

Meanwhile, the Russian president's press service informed INTERFAX that, during his meeting with Kozyrev and Grachev, Yeltsin backed their efforts to resolve the Bosnian crisis peacefully, and gave them corresponding instructions.

The talks also dealt with the questions of financing the foreign and defense ministries.

The situation in Chechnya figured prominently during the talks.

The Macedonian minister's visit "fits in with the stabilization process in the entire post-Yugoslav space," Kozyrev said.

Following their meeting, Kozyrev and Crvenkovski signed protocols on consultations between their ministries and on scientific, cultural and educational cooperation between their countries.

Chernomyrdin Meets Chechen Talks Team Leaders

LD2607154095 Moscow INTERFAX in English 1449 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin held a closed meeting with the leaders of the federal delegation to Chechnya peace talks in Moscow this afternoon.

The meeting lasted a little over thirty minutes. It involved the Russian delegation's head, Minister for Nationalities and Regional Policy Vyacheslav Mikhaylov, Chairman of the Union of Industrial Producers and Entrepreneurs Arkadiy Volskiy, Interior Minister Anatoliy Kulikov, and Head of the Federal Executive Power Bodies Territorial Department in Chechnya Nikolay Semyonov.

Sources in the Russian government said the delegation had informed Chernomyrdin on the draft agreement on military issues, which was drawn up during the talks. Chernomyrdin and the negotiators discussed problems concerning the talks and the perspectives of the peace settlement in Chechnya. The prime minister and the negotiators likewise discussed relations between the Chechen delegation to the talks with Moscow and Dzhokhar Dudayev's field commanders, which have recently considerably deteriorated.

The same sources told INTERFAX that no new principal political decisions on further talks regarding a political settlement of the Chechen conflict had been made

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at the meeting. Consultations between the federal delegation for talks with Chechnya and the Russian political leadership are expected to be continued.

Moscow Drops Political Accord

LD2607113695 Moscow ITAR-TASS World Service in Russian 1046 GMT 26 Jul 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 26 Jul (ITAR-TASS) — Vyacheslav Mikhaylov, Russian minister of affairs of nationalities and regional policy, who heads the Russian delegation to peace talks in Chechnya, has said that Russia has changed its stance and in the interests of a quicker end to hostilities in Chechnya is no longer insisting on the signature of a political agreement. Russian Prime Minister Viktor Chernomyrdin today held a working session with Mikhaylov, who returned with the delegation to Moscow last night for consultations.

In an exclusive interview with ITAR-TASS, Mikhaylov said Russia is willing "to restrict itself at the current stage of the negotiations to signing an agreement on a range of military issues, which will incorporate elements of the political discussions. This agreement is absolutely essential because it alone will open the way to peace in the republic," he continued. "It will reflect conceptual issues concerning disarmament and an end to hostilities throughout Chechnya, and also specific ways of putting them into effect."

Mikhaylov described the primary goal of the present phase of the peace process as "to completely halt hostilities and to pave the way for free and democratic elections in the republic." These elections, he believes, should be organized by new coalition structures independent of the existing ones.

The minister said Russia's version of a final agreement was forwarded to Dzhokhar Dudayev's representatives before Tuesday's announcement of a technical break in the talks. "The Russian delegation expects that it will have been studied by Saturday and that Dudayev's representatives will sign it," he stressed.

Assessing the progress of the talks overall, Mikhaylov said Dudayev's delegation was coming under constant pressure from certain field commanders who were trying to prolong the war by any means. "A resumption of fighting will benefit only those who have in effect lost power because of the moves to restore the constitutional order in Chechnya," he pointed out.

The minister disagrees with the opinion that the main bone of contention at the Groznyy talks is a definition of Chechnya's status. "The sides have arranged to record Chechnya's current status in the military agreement," he said. "We have to do this to expedite a settlement to the situation in the republic because an end to hostilities will open the way to elections, after which the republic's status will be determined on the basis of the free expression of the will of its people."

Mikhaylov Comments on Status of Talks

LD2707105695 Moscow ITAR-TASS in English 1029 GMT 27 Jul 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, July 27 (ITAR-TASS) — Chief Russian negotiator at peace talks in Chechnya Vyachslav Mikhaylov said Thursday that the Russian position at the negotiations had not changed and that it was impossible "to separate military and political problems".

He told reporters that the Russian government is ready to sign with Chechen representatives two agreements — the military-political and the political ones.

On Saturday, when the talks in Groznyy are to resume, "the Russian delegation intends to offer to representatives of (Chechen separatist leader Dzhokhar) Dudayev to sign the draft agreement on the political bloc of issues", Mikhaylov said.

He expressed hope that Chechen chief negotiator Usman Imayev, who left Groznyy for consultations, would join the talks on Saturday and said Imayev was currently preparing with his experts for the resumption of negotiations.

"Not all field commanders share the irreconcilable stance of Shamil Basayev", Mikhaylov said referring to the terrorist who staged a tragic attack on the Russian town of Budennovsk.

Russian Interior Minister Anatoliy Kulikov quoted Chechen military commander Askan Maskhadov as saying that the Chechen side "wants to sign the agreement on the bloc of military issues".

Kulikov also said that the "situation in Chechna is gradually aggravating".

Mikitayev Laments 'Wasted' Chances

LD2607131995 Moscow ITAR-TASS in English 1301 GMT 26 Jul 95

[By Igor Ivantsov]

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — The chairman of the commission for issues of citizenship set up under the Russian president, Abdulakh Mikitayev, believes that the talks in Groznyy should

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focus on the surrender of weapons, rather than the future in Chechnya.

"It is only the issues of weapons' surrender and the cessation of hostilities that can be discussed with these representatives," while Chechnya's future should be discussed with new legitimately elected authorities of the republic, rather than with representatives of the regime recognized as illegal, he said.

Mikitayev said that the talks are being held in the wrong place. In his opinion, the talks should have been held in a place remote from the Chechen capital so that Dudayev's supporters were unable to put pressure on the talks by staging demonstrations. The general conclusion made by Mikitayev is that "the talks had been held in the wrong place and wrong problems had been discussed". "We have practically wasted this month since no final documents have been signed and might not be signed at all," he said. Mikitayev motivated his position, saying that Usman Imayev representing Dzhokhar Dudayev at the talks would not sign documents running contrary to instructions issued by Dudayev and Shamil Basayev.

The Russian official believes that the main reason why Dudayev's representatives are taking part in the talks is to gain time to mobilize their forces. Dudayev's representatives used the talks to create a semblance of support given by the population to their efforts and make a better impression on the world public, which is not well aware what had been going on in Chechnya in recent years," Mikitayev said.

"The continuation of the talks in the present form increases a feeling of uncertainty among the population which plays into the hands of Dudayev's supporters. Therefore,the conditions and problems discussed at the talks should be changed," he concluded.

Official Says Talks 'Very Uneasy'

LD2707110595 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — The political bloc of problems concerning the settlement of the Chechen crisis, primarily the issue of Chechnya's status, can be resolved only after resolving military problems and holding democratic elections in the republic, the director of the Russian president's analytical department, Mark Urnov, told INTERFAX in an exclusive interview today.

He said that under the Russian constitution it was impossible to recognize any territory as having left the federation's composition. Urnov said the parliament ought to introduce corresponding amendments to the constitution for this purpose.

Urnov described the situation at the talks in Groznyy as "very uneasy" but "not hopeless." He said this situation reflected "the entire structure of relations in Chechnya" where "there are moderate constructive forces interested in peace" and also the irreconcilable. He said Russia was displaying "a maximum of willingness to find a constructive way out of the crisis" at the talks.

With regards to the consideration of the so-called Chechen case by the Constitutional Court, Urnov said the presidential side's position "has been and remains very strong and well-founded from any point of view."

Urnov said if the Constitutional Court recognized the presidential decrees on starting military actions in Chechnya as unconstitutional, this could seriously complicate the talks and "give more arguments for the Dudayev side to insist on its position."

Negotiators Comment on Talks

LD2607181295 Moscow INTERFAX in English 1614 GMT 26 Jul 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Excerpt] Russian Prime Minister Viktor Chernomyrdin held a meeting behind closed doors with the leaders of the federal negotiating team in talks on the Chechen crisis. [passage omitted, covered by referent item]

Commenting on the atmosphere in the Groznyy talks, Nikolay Semenov, chief of the board of federal executive authorities in Chechnya, told INTERFAX that the talks have run into difficulties because the relations between the Dudayev negotiators and some of the field commanders have noticeably deteriorated. He said, however, that the talks cannot be described as stalled or being on the verge of failure.

Semenov explained that the crisis is so acute that it cannot be overcome overnight. In his words, the federal authorities are prepared to hold talks as long as necessary to arrive at a peaceful resolution of the problem.

He said that the exchange of fire in the center of Groznyy last Tuesday was a thoroughly planned attack mounted by Chechen militants to provoke a deterioration of the situation and thwart the peace process.

On the other hand, Vyacheslav Mikhaylov, Russia's chief negotiator, said that an agreement "has been practically reached" on the status of the Chechen Republic.

He admitted, however, that the talks are deadlocked over the setting up of a coalition government for the

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transitional period until free democratic elections are held in Chechnya. Mikhaylov admitted that the Dudayev negotiators had rejected the so-called zero option under which the Salambek Khadzhiyev government, chairman of the National Reconciliation Council Umar Avturkhanov and Dzhokhar Dudayev and the structures he controls would resign simultaneously.

According to Mikhaylov, the Russian negotiators are prepared to sign an agreement on a range of military issues before the package of political issues are resolved. That agreement is supposed to affix a legal seal on the protocol on military issues that was signed at the first stage of the talks.

The agreement must also include numerous new provisions, in particular on the mechanism of disarming illegal militias and staged withdrawal of troops. In must also include articles on the setting up of supervisory bodies .

Mikhaylov explained that these would include an office of the Russian president's representative, an ad hoc joint supervisory commission and an administrative council which would tackle current issues.

He said that the Dudayev negotiators must say Saturday whether they accept these proposals and are prepared to sign an agreement on military issues.

Mikhaylov added, however, that as the signing of final documents approaches, the opponents of a peace settlement step up pressure they bring to bear on the Dudayev negotiators. Much will depend on the negotiators now, he said. In Mikhailov's view, some Chechen field commanders want to have the crisis resolved by peaceful political means.

He said that the Chechen negotiating team offered an explanation of a recent Dudayev's statement which criticized the negotiating process and offended federal officials. "These explanations generally satisfied us but I wouldn't like to talk about them in more detail," Mikhaylov said

Constitutional Court Continues To Discuss Chechnya

LD2607144995 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX) — The Constitutional Court's verdict on the so-called Chechen affair is likely to be more controversial than circles close to the Constitutional Court expected. According to INTERFAX sources, during the discussion of the essence of the verdict, the judges somewhat changed earlier expressed opinions that all of the president's and government's orders authorizing the introduction of troops to Chechnya complied with the Constitution.

INTERFAX sources believe that as the judges had four documents at their disposal — three presidential decrees and a government resolution — "one can't expect unanimity even on each one of these normative acts." In their opinion, the Constitutional Court is likely to state that individual provisions of these documents went against the Constitution.

They also said that the discussion of the verdict was "rather emotional."

The date for the announcement of the verdict has not been fixed yet. Some sources assert, however, that it will not be announced earlier than next week.

Yeltsin's War Decisions Questioned

MK2707062695 Moscow KOMMERSANT-DAILY in Russian 26 Jul 95 p 3

[Unattributed report: "Russia Is Threatened With a Legitimized Total Breakdown of Law and Order"]

[FBIS Translated Text] This was stated yesterday by Yelena Mizulina, deputy chairman of the Federation Council Committee on Constitutional Legislation and Judicial and Legal Questions. In her opinion, the recognition by the Constitutional Court of the legitimacy of the documents of the president and the government on whose basis combat operations were begun in Chechnya would signify "an official approval of the president's actions, which exceed the limits of the Constitution." Yelena Mizulina stressed that she does "not trust very much" the information that the majority of judges are inclined to recognize as constitutional the documents being discussed in the Constitutional Court. "I still hope that the court will be guided by questions of law rather than by political expediency," she stated.

Yeltsin Replaces Head of Medical Center

MM2607160895 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 1

[Unattributed report under the "Official" rubric]

[FBIS Translated Text] By an edict of the Russian Federation president, in connection with the reorganization of the Medical Center of the Russian Federation President's Administration of Affairs, Anatoliy Ivanovich Martynov has been released from his post as general director of the Medical Center of the Russian Federation President's Administration of Affairs.

At the same time, Sergey Pavlovich Mironov has been appointed to the post of deputy administrator of

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affairs and general director of the Medical Center of the Russian Federation President's Administration of Affairs.

Chernomyrdin Bloc Sets Up Coordinating Committee

LD2607173895 Moscow ITAR-TASS in English 1518 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — The "Our Home is Russia" election movement set up on Wednesday a coordinating committee to prepare and conduct its election campaign.

The chairman of the coordinating committee is Russian Prime Minister Viktor Chernomyrdin, his first deputy is Sergey Belyayev.

Other deputies are Konstantin Buravlev, Valeriy Grebennikov, Yuriy Sizov, Gennadiy Shipilov and Aleksandr Shokhin.

The movement's Council instructed the committee leaders to submit, within a week, their proposals on the committee's make-up, staff and plan of action for the near future.

Regional Leaders of Chernomyrdin Election Bloc Meet

LD2607191095 Moscow ITAR-TASS in English 1857 GMT 26 Jul 95

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — Leaders of the regional branches of the "Russia is Our Home" election bloc led by Prime Minister Viktor Chernomyrdin said they pin their hopes on economic stabilisation and continuation of reform in Russia.

The leaders met for the conference today in Moscow's House of Journalists.

According to Insaf Saifullin, a delegate from Tatarstan, the "Russia is Our Home" is the first Russian movement with chances "to root in the Tatar soil."

Valeriy Korinets, a leader of the Krasnodar regional "Russia is Our Home" branch, said backers want stable economic development and solutions to national problems.

"We are fed up with watching various political forces rocking the boat," Korinets said.

Korinets voiced belief that election bloc is consolidating sound forces and will buffer off any sorts of "revolutionary leaps."

He said the Krasnodar regional election branch already included 47 city and district divisions.

Viktor Shchekochikhin, of the Russian Union of Land Owners, described the election bloc as a movement led by a "radical and sensible part of the government which wants change but needs a backing as reforms are stalling."

Vladimir Muntyan, leader of the Irkutsk regional branch, said only eight of 120 directors of the region's major enterprises refused to back the Chernomyrdin-led bloc.

Muntyan said he hailed the fact that the bloc "is being set up by the grassroots rather than imposed from Moscow."

He assured that the "Russia is Our Home" members would be critical towards the government, challenging its debatable tactics without opposing the strategy of reforms.

"One should not identify the 'Russia is Our Home' with the government, this is by far not so," Muntyan said.

Chairman of the Kemerovo regional branch Gennadiy Solodov said, however, that executives of large enterprises of his region were in no hurry to join the new bloc.

He said he thought the reason was that "the part of platform which speaks of revival of the industry is not formulated very persuasively."

The regional leaders on the whole sound upbeat about prospects of the fresh bloc.

Sergey Mishchenko, of the Yuzhno-Sakhalinsk branch, quoted to ITAR-TASS prognoses of sociologists saying that the "Russia is Our Home" may count on a third of votes in Sakhalin.

Shakhray Heads Commission To Oversee Foreign Ministry

LD2607152195 Moscow Radiostantsiya Ekho Moskvy in Russian 1300 GMT 26 Jul 95

[FBIS Translated Text] Our radio station has learned that Sergey Shakhray, as deputy prime minister, has been instructed to oversee the Russian Foreign Ministry's work. By a decision of Prime Minister Chernomyrdin, a commission has been organized to raise the efficiency of the Foreign Ministry's work and Shakhray has become its head. Apart from [Foreign] Minister Andrey Kozyrev, the commission includes First Deputy Defense Minister Andrey Kokoshin; Trubnikov, first deputy director of the Foreign Intelligence Service;

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Sobolev, deputy director of the Federal Security Service, and others.

According to our information, the commission has been instructed to prepare a report and other materials required by the government presidium.

Rybkin, Chernomyrdin Blocs' Programs Viewed

MM2607123895 Moscow SELSKAYA ZHIZN in Russian 25 Jul 95 p 1

[Article by political observer Aleksandr Bykovskiy: "Tuesday to Tuesday: View of Events. 'Homes' Lay Foundation"]

[FBIS Translated Text] The past week has been marked by several important political events, which attest to the coming parliamentary elections. Among them I would primarily rank the formation of the center-left election bloc (led by I. Rybkin) and the scientific and practical conference to formulate the election platform of the "Russia Is Our Home" All-Russia sociopolitical movement led by V. Chernomyrdin. Following the creation of I. Rybkin's bloc one can say in some respects that the disposition of the main political forces capable of really campaigning for votes in the coming elections is becoming clear.

So, which parties and movements have decided to create the bloc led by I. Rybkin, chairman of the State Duma and member of the Agrarian Party of Russia [APR] Central Council Board? Journalists obtained an answer to this question last Friday [21 July] at a press conference held by Ivan Petrovich. The list of collective members of this center-left bloc is quite impressive, including the Russian United Industrial Party, the "Trade Unions of Russia Onward to Elections," "Accord," and "Dignity and Compassion" movements, and the association of investors, shareholders, and lenders — in all over 60 parties and public associations. A statement by the bloc's press service indicates that, along with I. Rybkin, the bloc is also led by Hero of the Soviet Union Colonel General B. Gromov.

The leaders of the center-left coalition intend to hold a conference of plenipotentiary representatives of the election bloc's partcipants by 20 August this year and synthesize the proposals regarding State Duma candidates. The bloc's election platform will probably be prepared shortly. Right now one can say on the basis of the above statement that the bloc intends to fight to save the country's scientific, technical, natural, and spiritual potential from being destroyed once and for all. It will advocate the principle of social justice and state patriotism. The bloc recognizes the need for major adjustments to the socioeconomic transformations being implemented in the country, the revival of the state's defense might, and the need to ensure citizens' security against rampant crime and the tyranny of officialdom.

The fact that I. Rybkin's election bloc is ready to pool efforts in the election campaign with the APR and the agrarian movement is particularly worth noting. (You can read in today's issue what APR Chairman M. Lapshin, who was staunchly determined to enter the elections as an autonomous election association, thinks about this).

Whereas I. Rybkin's bloc has just begun getting itself organized, the election association led by V. Chernomyrdin has already undertaken vigorous work to prepare its election platform. As already noted, the "Russia Is Our Home" movement held a scientific and practical conference in Moscow to this end. It announced that the "Russia Is Our Home" movement will hold its second congress 12 or 19 August to finally formulate its programmatic document. A special commission led by A. Shokhin is working on it.

The movement's aim, according to L. Vid, leader of its Executive Committee, is to get businesslike people with professional knowledge into the State Duma, people who have already made practical efforts to create stability in Russia and extricate its economy from the crisis.

Beyond a shadow of a doubt it will be extremely hard for "Russia Is Our Home" to perform this task in the elections, even despite the fact that it comprises influential political forces, namely the prime minister and the bulk of ministers and regional leaders. The election campaign will be exceedingly acute. Nor should one forget that during the elections voters will also be evaluating the activity of the current cabinet of ministers and its socioeconomic course. Incidentally, last week the State Duma assessed the government's activity in the first half of the year as unsatisfactory and urged the president to hold ministers more accountable.

This was probably in many respects the reason why participants in the "Russia Is Our Home" scientific and practical conference were so exacting in their discussion of the movement's draft political platform. It is claimed that its main aim is to build a social state responsible for people's leading a decent life and for the free development of every member of society. The principles of the activity of "Russia Is Our Home," the draft says, presuppose the renunciation of support for any social groups that pursue the aim of securing the revolutionary, violent change of the existing system.

At the same time the movement expresses concern at the growing differentiation in the Russian population's living standard. It believes that the differentiation that

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has grown out of all proportion is a factor of social destabilization. "Russia Is Our Home" intends to take steps to boost the social homogeneity of society — primarily by differentiating the rates of income tax and taxes on personal property. (Let me point out in this connection: It is a good thing that, in the fourth year of reform, progovernment forces have finally remembered the frenzied social stratification of Russian society).

The movement's desire to boost the state's role in the sphere of the economy is noticeable. According to the people formulating the draft program, it must complete forthwith the creation of the "rules of play" in the market economy and, importantly, supervise compliance with these rules most rigorously. The center of gravity of state government will be shifted from direct intervention in the economy to the creation of a system of conditions conducive to the development of business activity.

The agrarian aspect of the "Russia Is Our Home" draft platform has been formulated fairly thoroughly. The movement's determination to transfer the specific mechanism for land reform (and privatization in particular) to the jurisdiction of the territories is worth mentioning. Admittedly, it is not very clear what the authors of the draft are putting into the "concept of nonstate ownership of land."

It is curious that one participant in the scientific and practical conference said that the "Russia Is Our Home" movement will hardly be able to win the solid support of the countryside in the coming elections. He says that rural voters have long since made up their mind when it comes to their political preferences.

We will find out how right this forecast is 18 December this year. But in any case I am confident that the rural voter will as always vote according to his conscience. For the electoral associations who are able not just verbally but also in practice to ensure peace and prosperity in Russia.

Centrist Blocs Compared, Contrasted

MM2607130195 Moscow ROSSIYSKIYE VESTI in Russian 25 Jul 95 p 2

[Article by the ROSSIYSKIYE VESTI Analytical Service: "Left, Left, Left — toward the Center. The Ivan Rybkin Bloc: Creation, Problems, and Prospects"]

[FBIS Translated Text] We will first look at the history of the question. The end of April saw an event which marked a new step in party organizational development in Russia — a statement by the president on the creation of two electoral blocs occupying the center ground. The aims of this "official centrism" announced at the highest level were dual: to overcome the system of small parties which neither expresses anything nor represents anyone; and to strengthen political centrism and lop off the extremist wings. As conceived, the plan is ideally to obtain a political system similar to the American one. Later, after the elections, this system would make it possible to form an efficient parliament and then a government which might not [have to be] be a coalition, that is to say, including representatives of the winning parties.

The idea itself is not on the whole a new one, and a certain attempt to put it into practice was already carried out under Gorbachev (let's remember the democratic platform in the CPSU). However, the first attempt was not — for various reasons — taken to its logical conclusion. The new proponents-cum-theoreticians, among whom figure presidential aide Georgiy Satarov and the well- known Party of Russian Unity and Accord member of the Duma Vyacheslav Nikonov, having secured the support of the president's immediate entourage and President Boris Yeltsin himself, have tried to put this idea into effect and relaunch it politically. It is only natural that such a global idea should require the best "proponents-cum-exponents." Prime Minister Viktor Chernomyrdin was named leader of the center-right bloc while lower house speaker Ivan Rybkin was named leader of the center-left bloc.

The "party of government," as journalists have nicknamed the Chernomyrdin bloc, immediately got itself organized, holding a congress and establishing an electoral bloc, which gained the resonant title Russia Is Our Home, literally two weeks after the "designation" of its leader. Bloc members began to be actively and not unsuccessfully recruited in all regions, and constituent assemblies of local branches have been and continue to be held.

Everything concerning the left-wing bloc has proved to be somewhat more difficult, if not much more difficult. It was not known until virtually the last moment who would be part of it. Such a state of affairs regarding the "left-wing part of the project" is not in general surprising, as the task facing Ivan Rybkin is objectively far more difficult than the one being carried out by his opposite number.

Let us try to clarify this. Let us note first of all that actually only one type of party (the All-Union Communist Party (Bolsheviks)-CPSU) existed in our country throughout almost all the political history (of the Soviet period), which precisely embodied the "party of government" and which effectively constituted on its own the backbone and basis of the state system. This type still remains the most understandable and is easily accepted by the apparently apolitical nomenklatura of

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not just the upper but the middle and lower tiers in equal measure. The creation of the Russia Is Our Home bloc expresses the aspiration to reproduce to a considerable extent — albeit, naturally, not to the whole extent and with a different content — the basic functions of a party of government such as the CPSU once was. The center-right bloc in the form in which it is now being set up is also a **party of government** with all the benefits — direct and indirect — which stem from involvement in it, which, naturally, attracts a new nomenklatura to it. At the same time the "cementing" party influence on the nomenklatura — the lack of which influence is clearly felt now —and the bolstering of plainly pretty shaky state discipline by party discipline will really help strengthen the state apparatus. True, the already well-known experience of combining the offices of prime minister and "general secretary" is a cause for concern, but that is a separate topic of discussion and is not even strictly relevant to the center-right bloc.

The center-left bloc, however, should, in terms of the definition and intention of its devisers, symbolize a **party of opposition ideas**, ideas, moreover, which have a prescribed range of "fluctuation" which does not stray outside the social democratic paradigm. And here we run into the first snag. The repository of that paradigm in the West is the numerous and — what is no less important — pretty stable middle class, which is virtually absent here. That is precisely why the numerous attempts, first with Gorbachev and Yakovlev and then Popov, to "launch" social democratic precepts into Russia's political life from above failed.

According to poll data, the political niche occupied by the social democrats today does not exceed three to four percent of the mass electorate, which is manifestly inadequate for electoral success. As a result, the question of allies becomes the number one issue, but it is precisely with them that a second set of problems arises for Rybkin. The problem is that the left-wing section of the political spectrum in modern Russia has long been divided and has pretty powerful and, perhaps, the largest number of parties with well-known leaders who are, moreover, easily recognized and in a number of cases pretty ambitious. There are the "civilized" Communists of Gennadiy Zyuganov, who have included many social democratic postulates; their potential ideological ally in the countryside — Mikhail Lapshin's Agrarian Party; and Women of Russia, which, albeit not very large, does have a pretty stable electorate and does not therefore wish to enter into any kind of coalition. Even the Democratic Party of Russia, while it has lost its charismatic leader Nikolay Travkin and is experiencing certain difficulties, intends to go into the elections in splendid isolation.

Finally, Ivan Rybkin has gotten additional difficulties, subjective ones now, which stem from the not altogether proper way in which the setting up of the center-left bloc was announced. It should not have been announced by the president himself. It transpired that the bloc, which should play the role of a moderately pragmatic opposition, was designated and blessed from on high, as it were, which will scarcely help attract other opposition forces to it. And the conduct of Ivan Rybkin himself since the official announcement of the center-left bloc's creation and the "appointment" of its leader has looked more like the reaction of an eligible bachelor who has been married off without being asked what he wants first. It was pretty obvious from Rybkin's first statements that neither the theoretical proponents of the two-bloc system nor the godfather had any kind of serious "discussion" with the speaker. This also explains to a large extent the long silence which followed the speaker's first reaction and the misunderstanding which ensued with a number of parties which were enrolled straightaway in the center-left bloc without prior consultation with them.

There is another not unimportant problem too which if it is not resolved at the present stage will make it virtually impossible to wage a successful election campaign, let alone gain any significant number of seats in the future parliament. That is the need for sound financial backing. According to highly tentative estimates, the December election campaign will cost a "statistically average" association from R10 billion to 20 billion (in July prices) . And that's just for the party-list elections. It is unclear to date where the center-left people will get the money from even when the president's benevolent attitude toward them is taken into consideration. Nor are there in sight, at least at the moment, any powerful financial groups ready to invest money "in Rybkin" or major industrialists backing the speaker. The regional elite "at the grassroots," faced with the more "fundamental" and understandable figure of Viktor Chernomyrdin, are also unlikely to support him.

As is well known, the absence of a clear program or reliable allies can be compensated for by a political leader's charisma (remember Zhirinovskiy's, albeit temporary, impact). But here, too, things are not, as it were, "in great shape," as far as the center-left bloc is concerned. Despite the fact that Rybkin has occupied a steady fourth place in various polls rating the country's leading politicians, that he has set a steady example of prudence in the postures he has adopted and the utterances he has made for almost a year, or even that the name "Ivan Rybkin" itself conjures up a favorable image in the Russian mind, it has to be acknowledged that

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his popularity is on the whole far higher among specialists and analysts than among ordinary voters.

However, the listing of all these problems in no way means that the left-wing bloc is without prospects. It merely indicates the great difficulties involved in translating a theoretical model into real life. Moreover, when you project this model to the regional level the difficulties become even greater. The organizational weakness of the apparatuses of the parties which could potentially join Ivan Rybkin's bloc is an additional negative factor.

Nevertheless, the center-left bloc is assuming some real organizational definition. The bloc's action group is hoping that around 50 parties, movements, and public organizations will take part in its constituent congress.

If you are to define the center-left bloc's prospects, you have to divide them into immediate and long-term prospects.

Its immediate prospects are not on the whole very optimistic. And although right now — in the absence of any political program or advertising campaign — 2 percent of the population are, according to certain polls, ready to vote for this bloc, Ivan Rybkin and his future allies can scarcely expect anything other than a struggle to beat the 5-percent barrier during the forthcoming elections. Both the subjective and objective difficulties besetting the center-left bloc are too great for them to be solved by simple election "blandishments."

As far as the long-term prospects of the left wing joining the two-party system are concerned, they are perfectly realistic. True, this does require that at least one other essential precondition in addition to the numerous ones already mentioned be in place — a developed middle class.

'Our Home' Forum Discusses Election Platform

MM2607090595 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 pp 1, 2

[Article by Aleksandr Batygin and Andrey Shcherbakov under the "Elections to Parliament" rubric: "Izmaylovo. Next Stop Okhotnyy Ryad [Seat of State Duma]. 'Russia Is Our Home' Movement starts Election Campaign"]

[FBIS Translated Text] A scientific-practical conference of the "Russia Is Our Home" Russia-wide public-political movement was held in the "Izmaylovo" cinema and concert complex in Moscow last Saturday. The movement's election platform was discussed at the conference.

The "Russia Is Our Home" leaders are not hiding their ambitious hopes of winning at the next parliamentary elections. Clearly, forecasts, particularly political forecasts, are a thankless task. But no doubt there was no point in launching a serious campaign without confidence in success. The decision to create a strong electoral bloc headed by Viktor Chernomyrdin has already been commented on several times on the pages of our newspaper. Remember, this option is connected not with someone's ambitions, but primarily with the desire to create a responsible parliamentary majority for the first time in the State Duma, and bring into it, on the "Russia Is Our Home" lists, business-like and practical people who know how to create stability in Russia and lead the country out of the crisis. Second, to acquire a reliable legislative base and obtain the possibility of forming an effective government after 17 December.

The movement's program differs significantly from today's specific Cabinet actions. The movement's leading organs only contain three government members, including the prime minister. The government apparatus does not put pressure on the "Russia Is Our Home" executive committee, and the program of "Russia Is Our Home," unlike the government's two-year program, is designed to run for four years — the entire life of the Sixth Duma — and it embraces all spheres of the activity of the deputies, the government, and the local authorities, questions of the state structure, problems of the country's spiritual rebirth, and so on. The actual movement, viewed as a formation, is significantly broader than the Cabinet of Ministers. In the role of ruling party, and, being in the position of "critical solidarity" toward the government, it may serve as a reliable prop for it.

Opening the conference, Oleg Soskovets stressed: In connection with the Edict of the Russian Federation President on Elections coming out and their date being determined — 17 December — the election campaign in the country has been officially started. One of the main tasks for "Russia Is Our Home" is to turn the movement into a genuine mass movement. The first vice premier proposed that the second "Russia Is Our Home" congress should be held 12 or at the latest 19 August, a political program should be adopted at it, and also lists of candidates for State Duma deputies should be discussed and put together.

"We are a party for Russia's steady and stable development," O. Soskovets noted. "We are a party of peace... If we are people of action, then we must become involved in the specific matters that are worrying our society."

Oleg Nikolayevich called on those present to express themselves openly and critically on the draft program and look at the prepared document first and foremost through the eyes of the electorate. There were more than enough critical observations made during the dis-

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cussion of the movement's platform, whose concept was presented by Doctor of Economic Sciences Aleksandr Shokhin, chairman of the "Russia Is Our Home" program commission. Chapters on the priorities of "Russia Is Our Home" in the legislative organs, and agrarian, defense, and military policy were to be added to the six chapters of the draft. A lot was said about the platform's pseudo-scientific language. Labor Minister Gennadiy Melikyan proposed that movement's aims and principles should be "registered" more clearly, and that elements of populism be introduced into the platform.

The participants in the conference stressed that "Our Home" can and should bring together all healthy forces in Russian society, those who want progress without the upheavals of revolution and do not hand out promises, but know how to work and advance economic reforms. The participants in the "Izmaylovo" meeting, who had come from 61 regions in the country — from St. Petersburg to Sakhalin — said: The people in the heartland are tired of politics and the confrontation between various branches of power. Society today needs financial stability, support for domestic commodity producers, the intensification of agrarian reform, and, on this basis, the provision of reliable social guarantees. The endless struggle for power, the "games" played by dozens of political parties and movements of the most varied caliber and orientation, the force exerted on the logic of the reforms, and the extremes are striking a painful blow at lasting values — the traditions of the continuity of stability. It is no accident that the demand for ideas of centrism has sharply intensified in such a short space of time, and they in their turn have been called for in the "Our Home" program and lie at the heart of it.

By the end of July, the formation of local sections and branches of "Russia Is Our Home" will have ended in practically all regions, and the movement is counting on obtaining strong support in the provinces.

"The special feature of our movement," Leonard Vid, leader of the "Russia Is Our Home" executive committee, told us, "is that, in order to unify the interests of the regions at federal level in a general flow, "Our Home" expresses the interests of both the regions and the federative state."

It was stressed repeatedly at the conference that "Russia Is Our Home" must know not only how to ask the questions that are worrying the Russians, but also resolve them by the time of the elections. This makes "Our Home" significantly different from other parties, the majority of which intend only to act once they have acquired power.

It was probably not by chance that four or five of the speeches were devoted to problems of education, notably higher education.

"Unless we create a government majority in the Duma," German Vyatkin, chairman of the "Russia Is Our Home" Chelyabinsk regional section and rector of the local technical university, stated categorically, "then the reforms will end. The government is promising a great deal to higher education at the moment, but doing little. I am convinced that 'Our Home' can ensure the development of higher education in Russia."

All the big parties and movements are announcing their support for "Russia Is Our Home." Vladimir Bashmachnikov, cochairman of the Union of Russian Landowners, addressed the conference, and stated that the Union of Russian Landowners will join the "Russia Is Our Home" electoral bloc. To act independently in the election campaign would mean to condemn yourself to defeat, V. Bashmachnikov believes. But, in collaboration with "Russia Is Our Home," the Union of Russian Landowners, which numbers up to 300,000 people in its ranks, hopes to create a strong farmers' faction in the future parliament.

Some snap interviews with participants in the conference:

Vera Oskina, leader of the "Russia is Our Home" Krasnoyarsk Kray regional organization executive committee:

"I would like to support the idea expressed in Aleksandr Shokhin's report. It is vital that the changes and improvements in our lives are tangible in practice. If our movement wants to win at the elections, we must expand our electorate and ensure powerful support."

Viktor Minakov, chairman of the "Russia Is our Home" movement Kaluga Oblast regional council and deputy chairman of the oblast's Legislative Assembly:

"The draft platform must be revised. Our observations boil down to the fact that the platform should be comprehensible to ordinary people. At the moment it is written in excessively unintelligible language. Specific steps by the government are required in the near future. Then people will understand us and support us."

Nikolay Ozerov, chairman of the board of the "Spartak" Society.

"What attracts me to the draft platform is that considerable attention is paid in it to strengthening moral-ethical values and the moral and physical health of young people. It is very important that the half-forgotten combination of "a healthy way of life" is returning again, and the

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task of reviving children's sport on a mass scale is being tackled directly. These are not empty declarations; a great deal is already being done. I would like to express gratitude to Viktor Chernomyrdin, who helped to return to "Spartak" sports installations which are designed for children and young people."

Akhmed Kitov, chairman of the "Russia Is Our Home" Karachayevo-Cherkess Republic section council executive committee, professor and doctor of psychological sciences:

"Of course, any draft can be endlessly improved, but, to my mind, it is now in a state whereby it can be adopted. But nevertheless, this is a Russia-wide draft, and we will have to adapt it to specific regions once we arrive home."

Viktor Kochetov, labor veteran and chairman of the "Russia Is Our Home" Udmurtia section executive committee:

"It would be good if the program could show ways of getting out of the economic crisis. Udmurtia remains a 'giant on feet of clay' with its defense potential. Hence the problems of employment and filling the budget. We brought our proposals on these spheres to Moscow and we are hoping for constructive dialogue between the center and the territory."

'Our Home' Official Cited on Aims

MM2607140595 Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 2

[Report by Ivan Vladimirov: "Potential of 'Russia Is Our Home' Members"]

[FBIS Translated Text] The "Russia Is Our Home" movement has been through its "incubation" stage of initial self-organization and has started to prepare for the election campaign. The activity of the movement which in the future will obviously become a party has been so busy that last weekend the "Russia Is Our Home" platform was already being discussed.

Leonard Vid, chairman of the movement's executive committee, insists that "Russia Is Our Home" is not a party of power. "Russia Is Our Home" has nearly 70 regional organizations and far from all of them are headed by representatives of power. The attitude of "Russia Is Our Home" toward the government is defined by the leaders of the movement as "critical solidarity."

The key ideological postulate of "Russia Is Our Home" is the intensification of the state's role. But that does not mean that the movement is seizing the banner and audience of Zyuganov or Zhirinovskiy. It is a case of how the state should return to the spheres departure from which in the past was utterly pointless. This in no way means the state's gross interference in the economy - - regulation should come down not to administrative edict methods but to the use of social technologies of a market-based nature.

The movement is loyal to the president although it does not consider itself the presidential party. Indeed, in advocating stability and continuity in politics "Russia Is Our Home" is inclined to support the president's candidacy at the forthcoming presidential elections (if, of course, Boris Yeltsin runs as a candidate).

The movement has stated its readiness to form a bloc with virtually all political forces except the Communist Party of the Russian Federation and the Liberal Democratic Party of Russia. It must be noted that the "Russia Is Our Home" coalition potential is indeed very substantial: Here not only the movement's program, geared toward universal conservative values, but also its influence in the regions and the readiness of many large industrialists and representatives of other political and economic elites to support "Russia Is Our Home" could play their part.

It is highly indicative that, according to Aleksey Golovkov, one of the main "organizational workers" of "Russia Is Our Home", the center of gravity of "Russia Is Our Home" organizational work has been shifted from the center to the regions. "We now have less euphoria," Golovkov compared his activity in Russia's Choice" in 1993 with the present organizational priorities of "Russia Is Our Home", "and more readiness to get our hands dirty."

Filatov: 'Everything Will Be Fine' With Barsukov

MK2607105895 Moscow SEGODNYA in Russian 26 Jul 95 p 2

[Report by Yelena Tregubova: "Sergey Filatov: Everything Will Be Fine in the Federal Security Service With Barsukov's Coming"]

[FBIS Translated Text] Sergey Filatov, head of the president's administration, told your SEGODNYA correspondent that the appointment of Mikhail Barsukov as director of the Federal Security Service [FSB] "came as no surprise." "There has been talk about this since back in 1993," Sergey Filatov pointed out. He emphasized that Mikhail Barsukov was not only the Kremlin commandant but also head of the Main Protection Directorate, "whose activities have been countrywide." According to Filatov, this organization "has run smoothly over the entire time it was headed by Barsukov." "I think that, with Mikhail Ivanovich's coming, everything will be fine in the FSB too," he said. Sergey Filatov did not

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rule out the possibility that the Main Protection Directorate and the FSB may merge.

He is certain that the allegations by some media that the president "wishes, by appointing Barsukov, to place the special services under his control before the elections... do not correspond to reality." He went on to say: "The law does not allow this, and there will hardly be much room for such a maneuver."

Filatov was reluctant to share his private impressions about Mikhail Barsukov's personality, saying only that "Mikhail Ivanovich knows the history of the Kremlin and all the peculiarities of Kremlin life very well." "Just talk with him yourself about it sometime, and you will enjoy it immensely — he is a brilliant storyteller," Mr. Filatov advised your SEGODNYA correspondent.

The administration head also shared his views on the Chechen problem. In his words, the Russian delegation "is still ready to pursue peaceful negotiations to the end." He attributes the current delay in the negotiations in Groznyy to the fact that the Chechen side "is waiting for the Constitutional Court's ruling." It is unclear, though, what the Chechens expect of the Constitutional Court, since it is already almost openly being said among the president's and the court's entourage that a verdict confirming that the edicts and decrees on military operations in Chechnya conform with the law "is a foregone conclusion."

In reply to your SEGODNYA correspondent's question as to whether large-scale hostilities can be resumed by Moscow if the Chechens refuse to sign the Russian version of the agreement, Sergey Filatov gave no negative answer. He stressed, however, that "this would be undesirable."

Former Vice Premier Yegorov Interviewed

MM2607130895 Moscow RABOCHAYA TRIBUNA in Russian 26 Jul 95 p 3

[Report by Tatyana Zhubrenko: "Ex-Vice Premier Meditates on Former Life"]

[FBIS Translated Text] Former Russian Vice Premier Nikolay Yegorov has given the Kuban mass media his first interview since his departure from office. True, according to his account, the former minister for nationalities affairs himself asked to retire, and the president only signed his request. By and large Nikolay Dmitriyevich does not conceal his desire to return to Krasnodar, where he served as head of the kray until his promotion to Moscow. He also imparted the following information, taking advantage of his closeness to the president: The election of regional mayors and governors will take place, but only after the State Duma adopts a Law on Local Self-Government.

Touching on the situation in Chechnya, Nikolay Yegorov stressed that he supports a strong-arm resolution of the conflict. "The Caucasus is a crossroads," Yegorov stated. "And if we lost it, we would lose Russia's statehood."

Appointments to Trade Commission Announced

MM2707103895 Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 6

[Decree No. 672 of the Russian Federation Government, signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 1 July: "On a Change to the Personnel of the Russian Federation Government Commission on Foreign Trade Protection Measures"]

[FBIS Translated Text] By way of a partial change to the personnel of the Russian Federation Government Commission on Foreign Trade Protection Measures ratified by Russian Federation Government Decree No. 437 of 28 April 1995 "On Ratifying the Statute on the Russian Federation Government Commission on Foreign Trade Protection Measures and Its Personnel" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII 1995, No. 20, p 1797), the Russian Federation Government decrees:

That I.I. Gorbachev, chairman of the Russian Federation Committee on Trade, and A.A. Prokopyev, deputy chairman of the Russian Federation State Committee on Industrial Policy, are appointed members of the Russian Federation Government Commission on Foreign Trade Protection Measures.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government

Media Issues

Reportage on Replacement of Press Committee Chairman

Gryzunov Rebuts Criticism

MM2607150695 Moscow TRUD in Russian 22 Jul 95 p 2

[Article by S. Gryzunov, chairman of the Russian Federation Committee on the Press, under the "Polemic" rubric: "Sergey Gryzunov: This Perturbs Me More Than the Deputy" — first two paragraphs are TRUD introduction]

[FBIS Translated Text] On 15 July TRUD published an interview entitled "Covering Old Ground" in which

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State Duma Deputy Igor Yakovenko expressed great alarm at the fate of Russian book publishing in connection with certain actions undertaken by the Russian Federation Committee on the Press. An article which appeared about that time in OBSHCHAYA GAZETA was also full of concern.

TRUD invited the other interested party to express his opinion. S. Gryzunov, chairman of the Russian Federation Committee on the Press, took up this suggestion.

First of all, I consider it necessary to point out that the economic and ideological aspects of book publishing worry me no less than they worry the State Duma deputy. But at the same time, I am in favor of a realistic and constructive attitude and specific steps and actions, rather than demagogic arguments.

I would hardly be guilty of inaccuracy if I said that at present it seems at least doubtful that there could be a successful outcome to such a complex and capital-intensive project as the privatization of printing and book-publishing enterprises without the involvement of investors. This idea can, incidentally, also be seen fairly clearly in the interview with I. Yakovenko.

It is indeed true that I sent a message to the Russian Federation Government asking it to instruct the Russian Federation Committee on the Press, the Russian Federation State Committee for the Management of State Property, and the Russian Federation State Committee for Antimonopoly Policy and Support for New Economic Structures to produce possible models for the privatization of sector enterprises, including via the involvement of powerful investors. However, it has to be emphasized that this letter is only the first stage in devising any serious program affecting Russia's interests to any significant degree. This is the practice in preparing any state decisions for adoption. Moreover, such documents are not by way of directives which have to be executed. As a rule, the final decisions adopted after comprehensive analysis and study of a proposal differ significantly from initial plans. It is strange that Mr. Yakovenko is unaware of this.

At the same time he agrees that book publishing and printing are deep in crisis. The sector is in dire need of investment. Here the deputy says that in Russia itself there are willing investors (banks, companies, and so on) who would be only too glad to invest their capital in the development of printing plants and publishing houses. But this really is not borne out by reality. The fact is that printing equipment is some of the most expensive equipment available, especially the four-color web offset machines and preprint equipment for which there is such a need in our country. Without it we will not be able to meet today's requirements regarding the production of printed advertising material and magazines, of which the vast majority (up to 90 percent) are at present produced in the West. Not to mention such modern printing techniques as "computer to plate" or "computer to print," where information is in the first case transferred from the computer to the printing plate, bypassing all ancillary processes, and in the second sent directly to the printing press,. There is no such equipment in Russia. Many people have not even heard of it. But it would be desirable for us to have it now, not some time in the future.

I do not think the readers need convincing that Germany leads the world in the production of printing equipment and machinery, as well as in the development of print process technology. On the one hand, this explains why we would like to propose that we cooperate in the area of investment with one of the largest publishing and printing associations — the German concern Bertelsmann AG. On the other hand, it entirely justifies the commercial interest of companies producing such equipment all over the world.

The scheme for cooperation proposed that control over the activities of the Russian concern would be exercised both by the Russian state (after all, it would hold no less than 50 percent of the shares) and the investor, but in this case through the Russian book publishing firm "Terra." This, you will agree, radically changes matters. It should be clear to any sensible person (all the more so to a statesman) that in these circumstances there can be no question of the controlling block of shares being in German hands. Therefore his statement that the decision on what books and textbooks to publish and how would be made (here read "sold") abroad is no more than a bogey designed to frighten people who are uninformed about the specific features of relations between partners within joint-stock companies.

Mr. Yakovenko goes on to claim that the "'Rossiyskaya Kniga' monopolistic concern (and, according to the deputy's economically mistaken arguments, the German concern Bertelsmann AG) will be able to dictate terms in dialogue with the government" and "we will pay any money when confronted by the choice: either pay or schools will not have any textbooks at the beginning of next academic year." What in that case, I might ask, prevents Mr. Yakovenko and his colleagues in the State Duma from "providing this money" so badly needed by publishing houses to carry out the textbook program today?

You will agree that after this it sounds strange for a deputy concerned about the good of the homeland to claim that the "sector in question is beyond help." All the more so as the proposed "Rossiyskaya Kniga"

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scheme is a realistic way not only to restore but also to retool the printing industry. Indeed, it is very easy to issue unfounded rebukes like "'Rossiyskaya Kniga' will not be run in the interests of the whole of society," or the Russian Committee on the Press "does too little to resolve concrete professional issues," and reject out of hand any scheme which is put forward. Mr. Yakovenko's statement that we are seeing the FREE handover of several printing combines and publishing houses to the proposed investor does not hold water and, in my opinion, simply sounds impolite and provocative. In reality the situation is quite the opposite. The approximate sum at which the proposed scheme's investment commitments have been estimated, with guarantees from first-rate German banks, is $120 million. And this does not take into account the redemption by the investor of his portion of the shares! I would like to hear our "domestic" banks and investors offer to invest at least half this amount.

I. Yakovenko's appeal to the government chairman and vice premier to draw the appropriate conclusions from his interview sounds absolutely stupid. To sound convincing, it would have been better if he had armed himself with more serious factual materials. For example, the article says that the committee did not devise a program to assist book publishing. But in actual fact, the program in question was presented to the government two years ago and has been amended annually. For example, a new version has been prepared for 1996.

Next Mr. Yakovenko makes so bold as to claim that the creation of the "Rossiyskaya Kniga" concern will bring about a monopoly in the publishing of children's books in Russia and in as much as 90 percent of educational literature. However, the situation is in actual fact entirely different. According to official statistics, 1,742 children's titles with a total print run of 80,713,000 copies were produced in 1994. Of them, the "Detskaya Literatura" publishing house itself produced only 61 titles with a total print run of 3,625,000 copies. You only have to make a simple calculation to show that it is difficult to speak of even 5 percent of the total output here. Surely a monopoly does not start at 4 percent?

I considered it essential to express my opinion in such detail on the proposed scheme for the sole reason that, using the creation of this concern, we would like to comprehensively try out a model of privatization for other enterprises in the sector, irrespective of size, including in the regions, but along the lines of a closed system: from the manuscript to the consumer, the reader — that is, a system including the publishing house, the printing plant, and the distribution system.

In conclusion I would say the following. Let us get down to business, to specifics — right now, today. Let us argue things out, discuss them, and speak our minds. But we must speak the truth, the WHOLE truth, and nothing but the truth.

Laptev on Yeltsin, Chernomyrdin Meeting

LD2607161395 Moscow Russian Television Network in Russian 1300 GMT 26 Jul 95

[FBIS Translated Text] Ivan Laptev is the new chairman of the Russian Press Committee. He has replaced Sergey Gryzunov, who was released from his duties, according to ITAR-TASS, in connection with a transfer to another job.

[Unidentified correspondent] Ivan Laptev found out about his appointment this morning, when Deputy Prime Minister Ignatenko acquainted him with the prime minister's directive. The document was dated 25 July:

[Begin Laptev recording] Yesterday, during a meeting between Boris Nikolayevich [Yeltsin] and Viktor Stepanovich [Chernomyrdin], I think, knowing how these things are generally done, this question was probably finally agreed upon. [end recording]

[Correspondent] The new press committee chairman intends to pay special attention to the material and technical basis of the media and to purely technical problems:

[Begin Laptev recording] The committee's program, which has now been submitted to the government, includes issues relating to the state of printing and the federal program for book publication. By the president's decree, we must embark on the publication of a new Russian encyclopedia. This is a very big job which will take many years. [end recording]

[Correspondent] Ivan Dmitriyevich stressed that unlike many of his predecessors, he does not intend to be a politician. [Video shows Laptev at news conference]

Laptev Views Role as Press Chairman

MM2707082695 Moscow TRUD in Russian 27 Jul 95 p 1

[Report by Olga Solomonova: "Sixth Chairman"]

[FBIS Translated Text] Ivan Dmitriyevich Laptev, who is well-known in journalism circles, was yesterday appointed chairman of the Russian Federation Committee for the Press.

Answering a TRUD correspondent's question, he said, in particular:

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"I am starting this job with a sense of great concern and a certain amount of alarm caused by the severe position in which our sector finds itself...."

This, in I. Laptev's opinion, has happened as a result of the clearly inadequate attention paid to it by the state, and as a result of the "string of chiefs" experienced by the Russian Committee for the Press. But the new chairman is still hopeful of getting the press out of the mire: "Both in the government and in the parliament I met with understanding of the fact that neither the country nor society can get by if this sector does not function normally. That encourages me. As does the attitude shown by people working in the press and printing houses, or employed in publishing...."

The new chairman sees the committee's task as being to use the efforts and resources of the press to provide full backup for the dynamic and contradictory political, cultural, and educational processes in society.

Gryzunov Replacement Viewed

MM2707093095 Moscow IZVESTIYA in Russian 27 Jul 95 p 1

[Report by Teymuraz Mamaladze of the IZVESTIYA Analysis Center under the "Cadres" rubric: "About Our Man on the Russian Committee for the Press"]

[FBIS Translated Text] The hot seat of the head of the Russian Committee for the Press has acquired a new owner. In place of Sergey Petrovich Gryzunov, who has been dispatched, as the corresponding edict says tersely, to a new job (a diplomatic job, according to rumors), his deputy Ivan Dmitriyevich Laptev has been appointed chairman of the Russian Federation Committee for the Press.

A native of the village of Sladkoye in Krutinskiy Rayon, Omsk Oblast, Doctor of Philosophy I. Laptev started off as a crane operator at the Omsk river port. On graduating from the Siberian Road Transport Institute, he taught there, and then went into journalism. Interruptions to this line of work were connected with his work as a consultant at the CPSU Central Committee Propaganda Department — the pathway of the group of "angry young men" of the sixties who were trying to introduce liberal ideas into the Lenin headquarters. During the years of Gorbachev's perestroyka he was a candidate member of the CPSU Central Committee, a deputy of the USSR Supreme Soviet of the 11th Convocation, a USSR people's deputy, and a member of the USSR Supreme Soviet Committee for International Affairs. From April 1990 to October 1991 — significant chronology — he was chairman of the USSR Supreme Soviet Soviet of the Union.

But the most important thing is, nevertheless, journalism. I.D. Laptev was known at SOVETSKAYA ROSSIYA, where he worked as a special correspondent; at the journal KOMMUNIST, as a consultant; and at the PRAVDA Editorial Office, as deputy chief editor. He was chief editor of our newspaper for six years, from 1984 to 1991, and he was chairman of the USSR Union of Journalists Presidium from February 1990 to November 1991.

To glean this information there was no need to look either in our center's data base or check with the cadre department of the IZVESTIYA Editorial Office. Several generations of IZVESTIYA workers vied with each other to offer the author of this article their own "data bases," and they are all good ones: a remarkable professional, a gentle and tactful man, but a man of principle. Even the sphere of his journalistic and scientific interests — the political, social, and ideological aspects of the interaction between society and nature — testify to the same thing.

The question of new appointments for S. Gryzunov and I. Laptev is not new. In February of this year Premier V. Chernomyrdin virtually admitted in a conversation with journalists that the issue of Gryzunov's dismissal was already decided. Then a group of chief editors of the leading Russian mass media wrote an open letter to the Russian Federation president protesting the removal of the chief of the Russian Committee for the Press. According to reports from our sources, B. Yeltsin expressed bewilderment at the activeness of people urging him to support this action.

In any case the subject of a change in the leadership of this department, which reflects the fight for the mass media, is so significant that it requires special analysis, which will follow soon. Which is no obstacle to our sincere wishes for success to Ivan Dmitriyevich Laptev in his new field, so important for the democratic "fourth estate."

Military Issues

Kokoshin Remarks on Boosting Defense Outlays

MM2507155595 Moscow KRASNAYA ZVEZDA in Russian 25 Jul 95 p 1

[ITAR-TASS report: "Meetings With Leaders of Defense Enterprises"]

[FBIS Translated Text] Russian First Deputy Defense Minister Andrey Kokoshin held a series of meetings with leaders of defense complex enterprises and specialists tackling military-economic problems and matters of national security.

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Commenting on the results of these meetings, Andrey Kokoshin stressed the need to implement the "National Defense" section of the Law on the 1995 Budget as far as possible, and the need for a definite increase in defense spending in 1996 following the dramatic cuts in previous years — on a scale unseen in any country in the world. The increase should at least be proportional to the increase in gross domestic product at current and fixed prices. It is essential in order to maintain a decent level of security for officers, warrant officers, and their families and the proper scale and quality of combat and operational training and provision of arms and military hardware for the Armed Forces. It is also essential in order to preserve the country's highly valuable defense-industry and scientific potential. A considerable proportion of defense spending, Kokoshin stressed, effectively comprises social spending providing people with employment, housing, and an education. This is all the more topical in the light of the changing view of defense spending in a number of Western countries, the first deputy defense minister pointed out.

Federal Assembly

Rybkin Cited on Results of Duma Session

MM2607134695 Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 pp 1-2

[Article by Natalya Bachurina: "The Duma Has Dispersed. Leaving Its Baggage. But the Vacation Will Not Release Deputies From the Permanent State of Election Struggle"]

[FBIS Translated Text] A two-month lull has begun in Russia's parliamentary life. The State Duma deputies, completing the third session, gave a graphic demonstration of what the "battle for the harvest" means. They plowed the country's law field with such enthusiasm that in just the two last plenary sittings some 100 different draft laws were examined in the last-minute rush.

For comparison: In the previous 45 sittings of this session, just over 400 were examined. But be that as it may, the five-fold efforts by the body of deputies to accelerate the lawmaking process just before "curtain down" produced impressive figures in total: nearly 500 draft laws in just one semester!

However, the sense of a certain satisfaction, as State Duma Chairman Ivan Rybkin put it, which the deputies are entitled to feel over this matter, was not being described as profound by anyone. Doubtless because the deputies know better than anyone: However great the volume of what has been done, it is only the tip of the iceberg. Deeper down, the committees and commissions have accumulated in their working portfolios such a quantity of documents ready or in course of preparation for hearings that it will be a long time yet before there can be any rest for those who draft them and those who take up the lawmaking baton. But there is a glimmer of light at the end of the tunnel.

In December there are new elections. Nobody doubts that a tough, energetic contest for votes can be expected. But it is no accident that out of all the draft laws examined by parliament I. Rybkin singled out the bloc of electoral laws that was adopted, which make it possible to carry out on a lawful basis the election of deputies to the new Duma as well as, in future, the Russian Federation president. At all events, the rules of the game are laid down, and only time will tell how the players themselves are going to behave.

True, no sooner had the sound of the folk band and the tapping of deputies' shoes died down in the corridors when news arrived from the Federation Council: Whether because of the insufficient quorum or for some other reason, the senators had rejected the law on parceling out electoral districts. Since that law must without fail be promulgated 100 days before the elections, in this case not later than 1 September, I. Rybkin does not rule out the possibility of coming back to this question at an extraordinary sitting of the State Duma in the height of the summer vacation.

One way or another, the deputies will strive to resolve the clash that has arisen, because without the aforesaid law, the elections cannot take place. Of course, nobody has canceled the elections yet, but a formal attempt to prevent them from being held within the constitutional time limit looks very strange even on the part of that natural braking force within the institution of parliamentarianism, the upper chamber of the Federal Assembly. Not, presumably, a very successful attempt. The State Duma deputies, who have not only made up their minds firmly to the election struggle, but have, as I. Rybkin put it, been in a permanent state of struggle throughout their 18 months as deputies, do not intend to ease up particularly during the vacations.

But it is not just for the sake of sounding good that people in the Duma describe the long vacation as a working vacation. Many deputies, experts, and consultants, having put a great deal of highly skilled labor and civic enthusiasm into various draft laws, have an interest in taking them all the way to the status of full laws under which the country will live and work normally. Among the most important and fundamental is the Russian Federation Land Code. Having been adopted by the Duma after much agonizing only at the first reading, nonetheless it is not only counted among its achievements, it is demanding particular attention and continuing work. Basically for the first time since

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1861, a document is being born in Russia that contains a concept for the regulation of legal relations on the land.

In the course of the third session of the State Duma, the Water Code was also adopted. In general, the code area of lawmaking, which not so long ago, when the results of the second session were being assessed, used to be spoken of here mostly in hypothetical terms, is now fully realized.

Another equally important result of the Duma's activity, budget formation, has not merely been taken under its control, but is gradually becoming commonplace, almost routine work for the deputies. Despite all the hitches, the Federal Budget for 1995 was adopted far less belatedly than that for 1994. Furthermore, the prerequisites exist for forming the 1996 budget beforehand, according to the calendar, before the start of the fiscal year — that is, before 1 January. If the body of deputies can cope with that super-task, they will be doing something unprecedented in recent decades. In the present socioeconomic conditions the situation is extremely complex and not very helpful, but there is no other way to impose order, together with the government, in the country's financial life, as well as ensuring at least relative stability and predictability in this sphere. To this end, the burden of responsibility cannot be set aside even during the summer vacation — at least inwardly.

A significant step — in the shape of more than 60 draft laws — was taken by the State Duma along the path of modernizing the legislative basis for the social sphere: on questions of labor, social support for those who need it, and protection of the rights of women, children, the family, young people, veterans, invalids, refugees and those forced to resettle, and servicemen. However, while recognizing the positive achievements by the body of deputies in the purely humanitarian sphere, you cannot close your eyes to a lamentable chapter in their activity. I am referring to the fact that the State Duma has not succeeded in setting up the institution of a plenipotentiary for human rights. Sometimes, I. Rybkin admitted, a person suffers tremendous tyranny from the powers that be, but have no one to complain to. In the State Duma chairman's opinion, if we had a fully fledged human rights institution as they have in countries with a long history of parliamentarianism and a high standard of democracy, then we would have far fewer problems, and certain tragic situations would not arise at all.

More than 40 documents were prepared and adopted to strengthen the treaty and law basis of foreign policy. A good many deputies took part in the work of virtually all international organizations where parliamentarians' presence is required. Unfortunately, ideas relating to Russia's joining the Council of Europe remained unrealized. This was prevented by the circumstances that arose in the Chechen Republic. However, the road to the family of European peoples is not closed off to us behind seven seals. An open door to Europe and the world is, of course, tempting. But in opening some doors we should not slam others behind us, especially when they are close at hand. The regulation of mutual relations among the CIS countries and the development of bilateral parliamentary ties remain matters of priority and great complexity. Here the rigid language of lawmaking often clashes with the emotional heat of political polemics. Reason still does not always prevail, but, for instance, the creation of the Customs Union of Russia, Belarus, and Kazakhstan is not only an asset for them — the doors are not closed to others too.

Incidentally, about polemics. Of course, a multiparty Duma can hardly be expected to be imperturbable, least of all on the eve of elections. After spending much time clearing the air with the government and having resolved the conflict successfully, the Duma still felt dissatisfied. Also, many deputies would like to appear, in the voters' eyes, to be the complainants rather than the defendants. Hence, instead of a division of responsibility, we have very sharp criticism of the executive, a mark of "two" awarded by deputies to the government, and yet another rejection for T. Paramonova at the third attempt to appoint her as chairman of the Central Bank. However, as deputies themselves admit, it is the voters who will make the real assessments of all and sundry, it is their choice that will correct the future behavior of the power structures.

The elections will doubtless also affect the legislative process within the walls of the Duma. We have seen red tape before...but now! The Duma "steam locomotive" sometimes puffs and puffs virtually until noon letting off the accumulated "steam" before it can finally begin to move along the rails of lawmaking. If you take into account that these particular deputies have no distance at all to go to the terminus — the elections — and there is still a freightcar and a small truck full of draft laws, it is clear how every minute of constructive work should be valued. But it is also obvious that there is an increasing desire on the part of the deputies to display their civic activeness in public as often as possible and to exploit any opportunity to increase their own importance in the voters' eyes. To demand, for instance, the return of the so-called "political statements hour" to the long-suffering agenda. This "hour" lasts two hours virtually every morning, and takes up some time in the evening too. Sometimes you hear things coming from the microphones that make those in the vicinity feel

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embarrassed for their colleague, who is delving into someone else's private life and calculating how many times they have been married.

Maybe it would not be worth mentioning such points, as we see the deputies off on vacation, were it not for a piece of simple arithmetic that few people have considered. How much does one minute of a deputy's work cost? More than 20,000 rubles [R]. That is according to the most modest calculations, taking into account all the costs of maintaining the Duma, and this year, as last year, these will come to more than R170 billion. If you recall how many fully costumed "shows" are put on in the Duma by a deputy who is inclined to make deliberate scenes, it turns out that his performances cost Russian taxpayers much more than a ticket for a concert by an opera diva.

Will it be the same after the long vacation, when the Duma microphones are red hot from election fever? How many laws, and of what importance for Russia, will this Duma adopt in the remaining time? Doubtless no one can answer that. Not even the tactful Ivan Petrovich, who did, admittedly, promise that despite the pre-election mood, the State Duma will work strictly according to the standing orders. Let's hope so! After all, it is in order to make law that the legislative power is elected. Everything else is just an appendage to that. And not, alas, a free one.

Daily Views New Criminal Code

MM2507122995 Moscow IZVESTIYA in Russian 25 Jul 95 pp 1-2

[Report by Yuriy Feofanov, chief editor of the magazine ZAKON: "Crimes and Punishment in the Light of Market Relations"]

[FBIS Translated Text] The criminal code about which the public has been saying so much and which the law enforcement organs have been waiting for so impatiently has been adopted by the State Duma without stormy debates and virtually without amendments. It is true that beforehand various draft criminal codes — from the president, deputies, and Ministry of Justice — had for about three years been submitted to the parliamentary committees and rejected. We printed some of them, we familiarized our readers with others. The whole complexity of the matter was to reflect in the criminal law the fundamental changes in the property sphere that have taken place in our country and also to enshrine the democratic transformations, ensuring primarily the defense of human rights which throughout the course of Soviet history were trampled on primarily by the state. How far has all this been managed?

To assess the merits of the criminal code adopted 20 July by the State Duma I have tried to ask the legislators about its shortcomings. One of those I asked replied: Whatever law you adopt — in our country it will bypass life anyway, as Count Orlov said in his time. A governor at the time complained to Catherine's famous favorite that he was constantly being accused of taking bribes. That was against the law, he said. The count slapped the governor on the shoulder: "Well, my friend, what is the law! I was also accused of taking bribes but the curious thing is that as soon as I stopped taking them they stopped accusing me."

The moral of this fable is clear: It is not the content of the law which is the main thing but its application. And yet, and yet.... The very fact that the new Criminal Code has been adopted is no ordinary lawmaking event. At least it does away with the now customary reservation of the fighters against crime (especially organized and economic crime): We would get them, but the laws are not there. Now they are. Nearly. Unless the Federation Council has something to say in the next two weeks (and it is on vacation) according to the standing orders the law will go to be signed by the president.

The new and, I think, most important thing in the Criminal Code is the block of articles generated by market relations, although they are still headed by bribery, a woman, as Shchedrin put it, "of a certain age but eternally youthful." In Russia in the older days bribery was always punished severely although that did not help much. Under Khrushchev, as we know, they even introduced the death penalty and even used it selectively. But, as in Catherine's time, only when the briber himself grew tired of bribery was there any success in the struggle. Now, and this is also well known, bribe takers are caught out in small-time bribery while taking and giving large bribes in the top spheres is virtually risk-free: On the television the interviewer asks virtually every businessman: "Do you have to give bribes?" And there follows either a "yes" or a smirk: "Don't you know yourself?"

The evil of bribery, in brief, is spreading without limits. But the sanctions of the Criminal Code which has been adopted compared with the one still in effect are merciful: up to 12 years with the confiscation of property for taking bribes with aggravating circumstances (often large-scale bribery with extortion); up to five years for taking a bribe. Here the mention of a "person in a position of responsibility" to enhance the punishment has disappeared; the article on acting as middleman has been removed but punishment has been introduced for provoking a bribe. How to assess all this? The most superficial view is that the legislators are shielding criminals, mitigating punishment, in fact encouraging the corrup-

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tion that is corroding the state. Especially in light of the fact that some people's elected representatives are accusing the entire deputies' corps of bribery. But we should nonetheless not be hasty in drawing accusatory conclusions. It is in criminal sanctions that we have always been immoderately generous: If it was not shooting then it was not really a punishment, if it didn't go all the way then it was almost a pardon. Then again 12 years is no picnic and, most importantly, even if it is only imprisonment for a year, for a month, for 15 days — at least it should be irreversible and for all those who take bribes. Alas, of itself the Criminal Code does not punish anyone, it merely provides for punishment.

Yes, about the new "market" articles in the Criminal Code. A whole chapter, "Crimes against socialist property" (articles 89-101) has been removed from the present code as have six articles from the chapter on economic crimes. Their place has been taken by chapter 22, "Crimes in the sphere of economic activity." Here there are crimes previously unknown to Soviet law: impeding business, registering illegal land deals, illegal banking, fraudulent business, obtaining credit by fraudulent means, malicious avoidance of debts, deliberate fraudulent advertising, publishing commercial secrets, bribing participants in competitions and contests, abuses in issuing securities (emission), and several articles are connected with bankruptcy and so forth. The problem of defrauded investors in various fraudulent financial pyramids is particularly acute now. Swindlers have robbed people with impunity both because the law allowed them to do it and because it provided for no sanctions. The Criminal Code which has been adopted seems to make up for the latter omission. But naturally in all articles it is a case of illegal actions, of abuses. But if people are robbed legally? If the swindles are allowed? It is perfectly obvious that to put criminal sanctions into operation dispositions in civil law are required. Even if a swindler is caught and put in prison and the robbed people gain moral satisfaction, there is a big question mark over material compensation. But that is another matter.

Things are more or less clear as regards abuses and bribes when it is a case of state organizations and state employees. It is clearly stipulated who is an official and is correspondingly responsible. Yet private firms and commercial structures are operating admittedly in the market but not in the bazaar. There is also a hierarchy of powers, dependencies, and consequently abuses, bribery, and fraud. Chapter 23 of the code, "Crimes against the interests of service in commercial and other organizations," contains just four articles including abuses by notaries and auditors and private detectives. It seems to me that this complex and ramified activity is regulated according to an oversimplified scheme. One thing is "reassuring:" We have had a lot of practice in making changes and additions to our laws — some 737 amendments to 269 articles were made to the present Criminal Code.

I shall not be able to enumerate even all the innovations, even the very important ones. I shall merely note that chapters have appeared entitled "ecological crimes," "crimes in the sphere of computer information," and many new norms in traditional chapters and sections.

Take punishments, for instance. Their list has been expanded. Types of punishment such as "compulsory work" have appeared: In contrast to corrective work it is carried out not at the place of service with deductions from wages but after the main work or study and for free. "Restriction of freedom" is without total isolation but in a special institution under supervision. "Custody" as a means of punishment for up to six months. And finally, as an alternative to the death penalty, life imprisonment. In principle the expansion of the forms of punishment means their mitigation: Instead of prison there is a kind of semiprison, instead of inevitable death there is nonetheless life. Alas, once again the whole point is not the nominal sanction but the real content: Where to serve the term in custody? Is imprisonment to the end of one's days preferable to immediate death? It is no accident that a bitter joke has appeared. We and America decided as an experiment to exchange convicts imprisoned for a one-year term. After a week our convicts asked the U.S. prosecutor for life imprisonment while the Americans asked our prosecutor for the death sentence.

As has already been noted several drafts of the Criminal Code did the rounds of the parliamentary committees — back in 1992 our ZAKON magazine published the first in a supplement and then IZVESTIYA acquainted readers with later drafts. And now it has finally been adopted. Doctor of law Vadim Filimonov, a Duma deputy with whom I spoke, believes that the document has been quite well worked out legally. What does it contain that is not listed by article but is fundamentally new? The new is obvious if you compare the code that has been adopted with the one now in operation. In first place in all the Soviet criminal code was the Power and the defense of its interests. Now the law begins with the protection of the citizen's rights. Well, that is in the spirit of the times. But in my interlocutor's opinion this has a distorted side to it: Without the legal protection of a strong state no one will defend the citizen. For instance, the French Criminal Code finds a more organic form for combining two principles — the individual and the state. Obviously this is rather a subtlety relating more to the philosophy of criminal law.

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Far more worrying is what Count Orlov said in the historical story: What is the law? We do not live by the law.... Incidentally, the other day, after the State Duma had adopted the criminal code the Federation Council rejected draft laws on the struggle against corruption and organized crime.

Federation Council Opposes Tougher Cuba Embargo

MM2607133895 Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 1

[Unattributed report: "Russian Senate Warns U.S. Congress"]

[FBIS Translated Text] In connection with the examination in the U.S. Congress of the bill providing for a tougher economic blockade against the Republic of Cuba, the Russian Federal Assembly Federation Council has adopted a statement calling this document incompatible with the principles of international law. The actions it proposes, the statement says, are taken from the arsenal of the cold war and run counter to the opinion of the world community regarding the U.S. trade, economic, and financial embargo against Cuba. The Federation Council has urged the U.S. Congress not to approve this bill.

Council Said To Back Law on Own Election

LD2707094395 Moscow ITAR-TASS in English 0933 GMT 27 Jul 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, July 27 (ITAR-TASS) — The Russian Federation Council, the upper house of the parliament, has reportedly backed the controversial law on its own election which is opposed by its speaker Vladimir Shumeyko.

ITAR-TASS learned from unofficial sources in the chamber Thursday that 91 senators backed the law in the ballots which they received to express their opinion. 90 votes are necessary to pass it.

The Federation Council includes two members from each of the 89 Russian regions.

The lawbill drafted by the lower house, the State Duma, says that the executive and legislative authority of each of the region has to name their candidates to the Federation Council, while the local population has to approve them in a secret ballot vote.

Shumeyko, however, insists that the vote contradicts the Constitution which says that the Federation Council is formed and not elected.

The official results of the ballot vote of senators are to be announced today.

Law Vote Previewed

MM2707100195 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 2

[Report by Anna Kozyreva: "Half a Kingdom for a Quorum"]

[FBIS Translated Text] The closer the elections, the more unpredictable political life in the country becomes. Today, for instance, many political scientists are predicting the nature of the results of the vote on the law "on the procedure for forming the Russian Federation Federal Assembly Federation Council."

Let me recall that the State Duma has adopted a law whereby the upper chamber if formed by elections on the basis of the universal equal and direct right to vote in a secret ballot. Far from all senator deputies support this law. This attitude is entirely natural. Since it is far simpler to become a Federation Council deputy ex officio — in the case where the leaders of legislative and executive power of the components of the Federation unfailingly "form" the upper chamber. And since it is clear that the governor and the head of the legislative organ cannot work as deputies on a permanent basis then ultimately the disputes now are about whether parliament should be professional or not. The law adopted by the Duma in fact stipulates that at least one member of the Federation Council from each component should work on a permanent professional basis.

If you assess the results of the Federation Council's work over the year it may be said that the presence of the regions' leaders in the parliament's upper chamber has its plus and minus points. In our view a plus point is the fact that people who determine policy locally have the opportunity to take a direct part in work on laws. But here, however paradoxical it may seem, there is also a minus point. Because sometimes regional interests prevail and, in discussing a law, each governor as it were "tries it on for size."

It also often happens that the Duma adopts a good and necessary law but Federation Council experts find many vulnerable places and contradictions in it. And only joint work on the law by both chambers makes it possible to "get it to make sense." Recently that is exactly what happened with the law "on the general principles of local self-management." The harmonious work of the conciliation commission made it possible substantially to improve a fundamental law. What better argument in favor of work on a professional basis?

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But let us return to the law "on the procedure for forming the Federation Council." The Duma adopted it 5 July. Vladimir Shumeyko, chairman of the upper chamber, immediately stated that election "cannot be the principle for forming the Federation Council since it contradicts the Constitution." He also voiced the conviction that the chamber would not approve this law.

It is entirely understandable that many people were waiting to see how the deputies would behave during the discussion of the law at the next Federation Council session and whether they would approve the adopted law or not. Some stated utterly unequivocally: no! Others stated that there was a possibility it would be adopted! Others still asserted that since the law is one of those which the upper chamber need not even examine then it would not examine it — the law would go straight to the president and he would most likely veto it and elections would eventually be held by order.

Not one forecast was proved accurate! The debate was unexpected. When discussion of the law began a number of deputies suggested conducting a vote with questionnaire sheets in order to consider the opinion of those who could not travel to the session in Moscow. Such a vote has not once been held. But in the standing orders there are instructions that this procedure is possible and legal. It was this which was explained in his speech by Yevgeniy Krestyaninov, chairman of the commission on the standing orders and parliamentary procedures. But the question of the method of voting was not put to the vote. And at the next session there was no quorum.

The deputies said in the corridors that in actual fact the necessary number of deputies had gathered in the auditorium but many decided not to register but to take a kind of "time out" in order to weigh up the distribution of forces and develop an appropriate strategy. The next day it was decided to return to a discussion of the possibility of voting with the aide of questionnaire sheets.

The atmosphere in the auditorium became thundery. Vladimir Shumeyko, who was chairing the session, had serious charges leveled against him to the effect that he was deliberately avoiding putting the question to the vote. In the end a ballot slip was approved and questionnaire sheets were sent by courier to the regions. The results of the vote with the aide of the questionnaire sheets will be known 27 July.

Issa Kostoyev, chairman of the committee for constitutional legislation and court and legal issues, told journalists that a chance had thus appeared of the law being approved by the upper chamber.

But how will events develop then? If the chamber approves the law the next question will be whether or not the president will sign the law. The majority of experts believe he will.

But if the Federation Council deputies do not approve the law? It is entirely possible that in that case the State Duma will speak of a violation of procedure. Because the upper chamber must examine the law within 14 days of the law reaching it. Considering that Saturday and Sunday are not counted the law "on the procedure for forming the Federation Council" should have been examined by 24 July but, I repeat, the results of the vote through the questionnaire sheets will be known only 27 July. Thus the State Duma could refuse to take into account the results of the vote and send the law for the president's signature.

The situation is made particularly piquant by the fact that the State Duma deputies have gone on vacation and will come to work only in October.

But every cloud has a silver lining. The absence of a quorum at one session during the examination of a "fateful" law has forced the deputies to review their standing orders. An important decision was made to the effect that henceforth the Federation Council session is considered legitimate if it is attended by over half the total number of the chamber's deputies. If the number of deputies is insufficient for a vote to be held then the chairman has the right to schedule a special time for voting on a question on which discussion has already ended.

List of Legislative & Regulatory Documents 16-22 Jul

95P50150

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parenthesis indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

Section I: Economic Legislation (Export-Import, Banking, Privatization, Auctions, Regional Development)

Government 26 June Decree No. 594 Executing Federal Law On Maintaining State Material Reserves. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 pp 6-7) (2200)

Government 29 June Decree No. 639 On Implementation Of (Unpublished) Yeltsin's 1995 Message To Federal Assembly On State Power And 1995-97 Economic

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Reform Program, With Aleksandr Linkov Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 4) (750) (Text)

Government 29 June Directive No. 876-r Accepting Goskomimushchestvo Proposal On Privatization Of Kamchatka Oblast Prospecting Enterprise. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 5) (100)

RF Government 1 July Decree No. 661 Approving Appended Amendments And Additions To Regulations Governing Production And Marketing Costs To Be Taken Into Account When Calculating Profits Tax Liability. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 5) (2400)

RF Government 1 July Directive No. 923-4 Accepting Atomic Energy Ministry Proposal To Pay Voluntary Contribution To IAEA. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 4) (200) (Text)

Government 10 July Decree No. 684 On Agreement With Exxon On Developing Sakhalin Oilfields. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 6) (350) (Text)

Government 10 July Decree No. 688 Setting Up Interros Joint Financial- Industrial Group With Kazakhstan. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 6) (450) (Text)

RF Government 10 July Decree No. 697 On Use Of Long-Distance Main Pipelines And Related Facilities For Export Of Oil And Related Products. (Moscow ROSSIYSKAYA GAZETA in Russian 18 Jul 95 p 5) (600)

RF Government 14 July Decree No. 708 On Group To Administer Controlling Block Of Shares In Russian Export-Import Bank. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 4) (600)

Yeltsin 15 July Edict No. 701 On State Grain Inspectorate Under RF Government. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 4) (300)

Yeltsin 18 July Directive No. 330 Ordering Government To Implement Law Increasing State Employees' Wages Within Two Weeks. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 1) (60) (Text)

Section II: Political (International and CIS Affairs, Elections, Crime, Pollution)

RF Government 7 July Decree No. 707 Lifting Certain Restrictions On Border Crossings Between Krasnodar Kray And Georgia. (Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 4) (200) (Text)

Text of Yeltsin 14 July Edict No. 700 Fixing 17 December As Duma Election Date. (Moscow ROSSIYSKAYA GAZETA in Russian in Russian 18 Jul 95 p 1) (60)

Federal Law No. 101 'On The Russian Federation's International Treaties," Adopted By Duma 16 June, Signed By Yeltsin 15 July. (Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 pp 5, 6) (10500) (Text)

15 July Federal Law No. 102 Ratifying Diplomatic Agreement With OECD. (Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 4) (100)

15 July Federal Law No. 104 Ratifying Agreement With China On Western Sector Of Border. (Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 4) (100)

Regional Affairs

Reportage, Commentary on Chechen Talks in Groznyy

Chechnya May Delegate Some Powers

LD2607182395 Moscow INTERFAX in English 1734 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX) — Chechnya is ready to delegate some powers to Russia, keep some powers and to work together in yet other areas, taking into account the particular geographic, demographic and geo-political interests of Russia in the North Caucasus, the press secretary of Dudayev's representative in Moscow, Ramzan Muzayev, has said.

He told a press conference in Moscow today that Chechnya was ready to share powers with Russia "not under an aimed gun but only in line with agreements."

Muzayev said he had held telephone talks with Chechen top negotiator Usman Imayev on Tuesday "after 23:00 [1900 GMT]." He said he had received instructions from Imayev.

Muzayev said Dudayev's representative in Moscow, Khamat Kurbanov, had so far failed to return to Moscow from Chechnya where he had met with the Russian delegation and Dzhokhar Dudayev.

Muzayev told journalists that he considered the soon-to-be-handed-down Constitutional Court verdict on "the Chechen case" as "primarily important for Russian statesmen rather than for the Chechen side at the Groznyy talks."

Commenting on the statement by Shamil Basayev that Chechen negotiators in Groznyy would be executed

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if they made "a wrong decision", carried in the media, Muzayev told an INTERFAX correspondent that Basayev was just "a middle-rank leader, not a statesman", which means that "too much significance should not be placed on his words."

Volskiy Comments on Imayev's Absence

LD2607185795 Moscow ITAR-TASS in English 1849 GMT 26 Jul 95

[By Sergey Batyrev]

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — A Russian negotiator at the Groznyy peace talks hinted on Wednesday that if the leader of the Chechen delegation, Usman Imayev, withdraws from the negotiating table it might create "certain difficulties."

Arkadiy Volskiy told ITAR-TASS that the Russian side is still unaware of Imayev's whereabouts after he did not attend the latest round of talks in the Chechen capital on Tuesday [25 July] and the negotiations were suspended until Saturday.

The appearance of new people in the Chechen delegation will mean that "many things must be approached from the very beginning," Volskiy said adding that in this case one cannot exclude the reshuffle of the Russian delegation, too.

According to Volskiy, Russian negotiators plan to return to Groznyy on Friday and restart "the normal work" on Saturday. He believes that a military accord, including some political issues, could by signed within the next week.

Commenting on media reports claiming that the Chechen peace talks are constantly delayed, Volskiy said "we have been warring for seven months, and it is impossible to create a peaceful situation within a few days. Those who are in a hurry, make an error. It is better to approach all questions with a sober mind and examine every item calmly. There is too much behind all this, including thousands human lives."

Heeding Advice of Chechen Elders' Urged

LD2707084195 Moscow ITAR-TASS in English 0647 GMT 27 Jul 95

[By Sharip Asuyev and Alexander Kharchenko]

[FBIS Transcribed Text] GROZNYY July 27 (ITAR-TASS) — Doku Zavgayev, ex-chairman of the Soviet-era Supreme Soviet of Checheno-Ingushetiya removed from his post by Dudayev in 1991, who has worked since that time at the Department for Work with Territories at the President's Administration, has described combat operations in Chechnya as a "tragic mistake." Speaking on Groznyy TV in the "Topical Interview" programme, he urged to "stop all combat operations immediately, to bring together the influential people that can be found in every Chechen village and act in accordance with their decisions."

In this TV interview, the first after September 1991, which, by all appearances, was made in Moscow and telecast in Groznyy on Wednesday, Zavgayev expressed confidence that the opinion of those influential people would be "heeded by every Chechen, including field commanders and militants."

Doku Zavgayev, 55, remained in the shadow all the time Dzhokhar Dudayev was in office. He has actively criticised combat operations in Chechnya since they started late in 1994. His "topical interview" is regarded here as evidence of the desire of Zavgayev, one of the most experienced Chechen politicians, to get back to politics in view of the coming elections in the republic. Abdulah Mikitayev, chairman of the Commission for Citizenship under the Russian President, said on Wednesday that Zavgayev, a local not involved in the latest developments, might become the head of the single management centre in Chechnya. In his opinion, it is necessary to create such a centre for pooling the efforts of the existing isolated structures.

Mufti Urges Peaceful End to Conflict

LD2707111195 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] GROZNYY, July 27 (INTERFAX) — Chechnya's mufti has urged participants in the talks on resolving the crisis in the North Caucasus republic to gain an end to the war. Magomed-Bashir-Haji Arsanukayev [as received] asked negotiators in his appeal published in Groznyy Thursday to: "put the interests and destiny of the people of Chechnya above your own personal interests, because we all know that the absolute majority of the Chechen people do not want war."

According to the mufti, after a month of talks the negotiating sides came close to the problem "because of which military actions in Chechnya began — the republic's sovereignty." "Through Allah's will the Chechen people's destiny is in the hands of a few dozen politicians," he said, and urged them to give up their personal ambitions.

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Solution Seen in Chechnya's Division

MM2707135295 Moscow ROSSIYSKAYA GAZETA in Russian 27 Jul 95 p 7

[Article by Mikhail Shchipanov and Mikhail Shcherbachenko: "When You Enter a House First Look for the Way Out"]

[FBIS Translated Excerpt] Since the start of the talks in Groznyy the Chechen conflict has acquired an official international dimension since the OSCE has acted as one side of what is by no means an eternal triangle of love. There was talk that Dudayev's emissaries had received international status. But not a single sane person even in a nightmare could have supposed that Dudayev's regime would be officially recognized by self-respecting states (however much some Baltic politicians, for instance, might have wanted this). And it is not a question here of love for Russia. It was simply that no one dared to create a precedent for the recognition of separatist endeavors backed up, in addition to everything else, by strong-arm pressure. And the European mission in Groznyy demonstrated the attention which the Old World traditionally pays to this problem. [passage omitted]

But now it is time to turn to the subject of Chechnya. Is there a long-term strategy for resolving the Chechen conflict? Perhaps, displaying mutual flexibility, in Groznyy they will reach the conclusion of a treaty opening the way to universal equal elections. But bitter experience there makes us think of Chechnya after the elections, the results of which we believe are predictable and will be no revelation to anyone. Do we have a model for the situation in which the Dudayev supporters, who officially have not removed a single one of their well known slogans, will acquire legitimacy?

So far to all appearances few people are prepared to view the Chechen situation on the strategic plane — there are plenty of problems requiring urgent solution. Almost the only model for an approach was suggested by Nikolay Gonchar — the well known politician of centrist views. The thrust of the model can be reduced to renouncing the prevailing stereotypes like "we shall not allow Chechnya to leave Russia at any price."

Let us note that N. Gonchar is close to European views, which allow the introduction of absolutely precise and local geographical factors into policy. In this case the senator emphasizes the historical strip-farming: Naurskiy and Shchelkovskiy Rayons, annexed to the Checheno-Ingush Republic in 1957 as compensation for the 1944 deportation; Nadterechnyy Rayon, which remained the outpost if not of pro-Russian (it is naive to speak of that nowadays) then of obvious anti-Dudayev sentiments; finally, the pro-Dudayev south, charged with the destructive energy of hatred and revenge.

It is clear that the proposed plebiscite and the elections themselves will produce utterly different results in these different political-ethnic-geographical zones. And so the conclusions should be appropriate to the situation: If you consider the people's legitimately expressed will then you must consider it in a differentiated manner. There is no place here for any mechanical counting of "for" and "against." No one is allowed to speak on behalf of such a heterogeneous region which in the circumstances of sovereignty risks sinking into the nightmare of a civil war — when it is each man for himself and only god against all.

Given this approach "letting go" of South Chechnya would not mean creating a precedent for the collapse of Russia. Moreover, it would be time to speak of a historical experiment when two halves of a previous whole would continue their parallel development. And for those who believe that the example of Chechnya would be attractive to other components of the Federation N. Gonchar has a response. Excommunicated from the Russian budget (which could only benefit Russia itself), Southern Chechnya would soon show the world that its withdrawal from Russia was the best argument against withdrawal from Russia.

Naturally, the proposed plan is not without important defects. As were, for instance, the actions of the Spanish or British authorities who are often accused of betraying particular interests. But perhaps the time has come to renounce prejudices and, taking into account obvious and likely factors, to engage in creating a model for Russian policy in Chechnya after free elections have been held there. It is true that adopting an ostrich-like position has never yet helped anyone in the struggle against separatism. And, as Bertolt Brecht told us, misfortune comes from incorrect calculations.

Article Views Confused Situation

MM2707135995 Moscow KRASNAYA ZVEZDA in Russian 27 Jul 95 p 1

[Commentary by Oleg Odnokolenko: "'Technical Breakdown' in Talks in Groznyy. Against a Background of Incessant Shooting"]

[FBIS Translated Text] ...So, there is yet another "technical breakdown" in the talks in Groznyy. This time nobody was suddenly "taken ill;" the official version of the time-out is that the Russian delegation did not like rebel General Dudayev's speech on underground television. How and why this Chechen "Ostankino," which is nowhere registered, manages to this day to get on the air

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with the greatest of ease is a separate question. But let our computer brains and private detectives give a more qualified answer to it. More amusing are the contents of Dzhokhar Dudayev's television speech. As is well known, he gave everyone their just deserts, calling the participants in the talks "narrow-minded pedants," and stating that they had received no authorization, at least for the discussion of the sort of questions which had been placed on the agenda. And all this to the accompaniment of a mighty exchange of fire, virtually under the windows of the OSCE mission, and extremely unambiguous statements from field commanders who arrive most conveniently.

In short, the situation is extremely amusing. Experts will have to clarify: So who are Usman Imayev and Aslan Maskhadov — authorized representatives or local "schismatics" running contrary to the general line of the president-general? As far as can be judged, the Russian side was devoutly convinced that it was dealing with representatives of Dudayev. In point of fact, it was when it was stated at virtually the highest level that it is precisely Dudayev who now represents the "real force in Chechnya" that the circle of participants in the negotiating process was formed. But it now turns out that, apparently, they have been talking with completely the wrong people... Say what you like, an extremely ticklish situation, to say the least. Basically, if we are to act consistently, we must fix our bearings and urgently seek out new representatives of the opposite camp — either in the shape of the implacable field commanders, or in the guise of new — this time legitimate — representatives of Dudayev; finally, it is possible to sit down at the negotiating table with Imayev and Maskhadov once again, but it would not be a bad idea to discover just who they represent, and what is their real power. At the very least, Aslan Maskhadov, although he is described as the all-Chechen chief of General Staff, is not capable of genuinely stopping armed provocation. That is obvious.

But perhaps he does not even have any intention of doing so. This version also cannot be ruled out. Recent events have demonstrated extremely graphically that the Chechen side is extremely shrewdly waging battle by all available means — from terrorist acts to political methods — and is obtaining the results it wants. It cannot be ruled out also that Dudayev's TV address and the trip to the negotiations in Groznyy by the determined field commanders is an interlude played out for political simpletons. If the aim of this action was actually this "technical breakdown," it has been fully achieved — proceedings have been dragged out. For example, Sergey Filatov, head of the Presidential Staff, believes that the Chechen side is deliberately stalling the negotiations, awaiting the verdict of the Russian Federation Constitutional Court. To dispute this viewpoint is absurd. From the very beginning it was clear that the "Constitutional Court card" would be played for all it was worth. And if the Chechen side is dealt a trump card in the form of a ruling on the "unconstitutionality of presidential edicts," there is no doubt that the talks in Groznyy would take a very uncomfortable turn for official Russia. It should not be doubted that military diplomats from Ichkeria will know how to uphold their "just cause."

However, the Russian military has never been particularly enthusiastic about these talks. Even ordinary soldiers in forward positions have said frankly that this time would be used by Dudayev's soldiers and other armed formations, who have been run ragged in recent battles, for purely military purposes. Operations data and even simple observation show entirely obviously that these soldiers turn out to be far wiser than the politicians. But God forbid that our guys should again have to consecrate this wisdom with their own blood....

One last point. Veterans of "hot spots" well remember Arkadiy Volskiy from back in Karabakh. It is hardly worth recalling how things ended there. But even this figure is not the crucial point. Any outside observer willy-nilly forms the impression that our delegation at the talks in Groznyy is perhaps extremely artless. At times it is completely impossible to determine who has pinned down whom in the hills, and who is dictating terms to whom.

Russian Negotiators View Talks

MK2707111895 Moscow KOMMERSANT-DAILY in Russian 27 Jul 95 p 3

[Report by Dmitriy Kamyshev: "Before Making Peace With the Chechens, It Would Be a Good Idea To Come to Terms Among Ourselves"]

[FBIS Translated Text] Members of the Russian delegation at the negotiations in Groznyy have finally decided to baffle the experts who are trying to make forecasts about a future settlement in Chechnya. Chief negotiator Vyacheslav Mikhaylov yesterday announced Moscow's readiness to make concessions and consent to the signing of a military agreement on reaching political accords, which could help restart the deadlocked peace dialogue. However, another delegation member — Mikhail Krasnov — said the Russian side may not return to the talks, laying responsibility for thwarting them on the Dudayev followers.

Such contrasting assessments can be interpreted as at least the absence of unity within the delegation. In

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this context the indirect [zaochnyy] dispute between Mikhaylov and Krasnov appears especially significant: The former follows the "premier's line" at the negotiations, while the latter embodies the "president's hand." Their different views on the prospects for the peace dialogue can well be a reflection of an analogous difference in the approaches of Viktor Chernomyrdin and Boris Yeltsin — especially considering that new problems at the negotiations emerged soon after an unscheduled meeting between delegation members and Yeltsin at the Central Clinical Hospital, after which the rhetoric about Chechnya's status became noticeably tougher.

This is how the situation was developing. According to Mikhaylov, new proposals were advanced by the Russian side shortly before a regular break in the negotiations. Their essence consists of Moscow's consent, in the interests of the speediest possible termination of the conflict, not to insist on a political document being signed but to settle for an agreement on a bloc of military questions that will comprise "elements of the political part of the discussion." Such propositions in particular include provisions on creating special bodies to monitor the implementation of military accords which, in Moscow's understanding, imply a presidential representative, a mixed observer commission, and an administrative council to handle routine, day-to-day matters. Mikhaylov expressed the hope that the Russian version of the agreement, which was discussed at yesterday's meeting with Viktor Chernomyrdin, will be studied by the Dudayevites before Saturday, which will allow it to be signed without long discussions.

However, as it transpired yesterday, such an optimistic view on the prospects of the talks is shared by far from all members of the delegation. In an interview with POSTFACTUM, presidential aide Mikhail Krasnov spoke in rather grim terms, predicting that the Russian delegation may not necessarily return to Groznyy on Saturday: In a situation where the Dudayev side, in his view, constantly uses various pretexts to aggravate the situation, it is extremely difficult to conduct the negotiations. Krasnov also said that substantial changes in the composition of the Dudayev delegation can also lead to the breakdown of the negotiations, without specifying, however, which changes the Russian side can deem as unacceptable.

Also noteworthy is the rare unanimity among some politicians who have recently been predicting an early termination of the negotiations. Whereas the words of State Duma Deputy Stanislav Govorukhin about the inevitability of returning to forceful actions do not particularly differ from his previous statements, a statement by Vladimir Lukin, chairman of the Duma Committee on International Affairs, to the effect that "the world community can see why no agreement has been reached in Chechnya" and that in the event of the conflict resuming it will treat Russia quite differently than before, appears quite symptomatic. True, journalists who have already grown accustomed to unexpected turns in the negotiating process can only wait to see whether something else happens before Saturday that will once again turn the process upside down. Or vice versa.

Khadzhiyev Interviewed on Talks

954F2905A Moscow ARGUMENTY I FAKTY in Russian No. 30 Jul 95 p 7

[Interview with Salambek Khadzhiyev, prime minister of Chechnya, by Dmitriy Makarov; place and date not given: "S. Khadzhiyev: 'I Am Not a Puppet'"]

[FBIS Translated Text] Some people call the Chechen Government in Groznyy a puppet government in the hands of Moscow. Some people are placing their hopes in it, dreaming of the "Chechenization" of the conflict. But Prime Minister Salambek Khadzhiyev is thinking more about the daily bread of a country ruined by war. He is interviewed by ARGUMENTY I FAKTY correspondent Dmitriy Makarov.

[Makarov] What are the results of the negotiations as of this time?

[Khadzhiyev] It is very hard going, but the negotiations are making progress. This is very good, because if an end to the combat operations can, for all that, be brought closer if only by a day, this will be a great victory for the sensible forces. The military section of the agreement has today already been fully agreed. More than half the political section has been agreed also. Two or three serious issues remain.

[Makarov] Which side is displaying the harder line at the negotiations?

[Khadzhiyev] Both sides are endeavoring to display goodwill, I believe. But even if it displays goodwill and finds sensible approaches, the delegation headed by Imayev, having spoken with Dudayev, once again occupies a hard-line position.... And everything starts all over again.

[Makarov] How strongly is Dudayev influencing the negotiations?

[Khadzhiyev] He is, as before, endeavoring to solve the Chechen question by power methods.

[Makarov] Do you consider yourself on Russia's side in the negotiating process?

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[Khadzhiyev] No. When we sign documents, the signature on the Russian side is appended by a representative of the federal authorities, on the Chechen side, by two sets of signatures: of Imayev and his team and Magamadov, on behalf of our government, and his team. Our delegation represents the Chechen side. That we are attempting to adopt a more judicious position is another matter. To frame the question such that it not be insoluble constitutionally. Our concern is to put an end to the war as quickly as possible.

[Makarov] Some Chechens believe that, were Chechnya to be fenced off from Russia, the Chechens with their oil would be living just as well as the Kuwaitis or the Saudis.

[Khadzhiyev] No one has subjected such opinions to serious economic analysis, unfortunately. The population in Chechnya is far larger than in Kuwait, and the oil we produce is about 10 times less. Its reserves here are approximately 100 times less. Oil refining is a serious possibility. We have a major chemical complex. But then this oil-refining complex has to work together with some oil fields, of West Siberia and Kazakhstan, for example.

[Makarov] The agreement is signed, let us assume. To what extent can it realistically be fulfilled? How controllable are the field commanders?

[Khadzhiyev] I do not believe that they are all fully controllable. But we have problems with some of the federal forces also. There is a 40,000-strong Russian Army grouping here, in Chechnya. Five percent of them are at the bottle or are mentally ill, and this means 2,000 men. Two thousand men in this small republic could, God forbid, do a great deal! I, as a representative of the government, have, therefore, problems not only with the combatants, but with a certain part of the federal forces also. We hope that an end to the combat operations will permit some of the troops to be withdrawn to barracks and some to be pulled out and the situation to be stabilized in this way.

[Makarov] Many people in Moscow are convinced that the Ministry of Defense and Pavel Sergeyevich personally are performing a destabilizing role in the negotiations.

[Khadzhiyev] He is not influencing the negotiations in the slightest. The war in Chechnya has ended with the total rout of the Dudayev forces. Grachev no longer has anyone to fight.

[Makarov] It is said that about 5,000-6,000 entirely combat-capable units have been held together in the mountains.

[Khadzhiyev] This is more fantasy. Of actual forces, there are up to approximately 1,000 men scattered in small groups. And there is no center of powerful resistance today.

[Makarov] Some people hold the view that the war could spread from Chechnya to the adjacent republics, inasmuch as the combatants will be squeezed out, and so forth. In addition, who will control the production and refinement of the oil and the oil pipelines is still a serious issue.

[Khadzhiyev] It will not spread; there is no question of it doing so. Could this have been the case, it would have happened considerably sooner. The only thing that could happen, perhaps, is that terrorism could still make its presence felt. But this also is unrealistic, because it would evoke a sharply negative response among the people.

[Makarov] What are your personal relations with Procurator Imayev and other members of the Dudayev delegation? Do you feel that they are your enemies?

[Khadzhiyev] No, of course not. We simply view one and the same situation differently and have different degrees of responsibility for the fate of our people. I believe that the people who undertook to lead the people should not have dragged them into war. They should have found ways of avoiding this. But they did not look for them. I cannot say this about Imayev or about those who are at the negotiations today, but Dudayev deliberately dragged the people into war.

[Makarov] For which he was rewarded.

[Khadzhiyev] Only not in the form that he was expecting. Of course, none of us expected so swift and full-scale a smashing of Dudayev's gangs. But he, as a military man, should have known the type of army he was dealing with. You, a journalist, might not know. I, a chemical engineer, might not know. But he, a general of the former Soviet Army, really did not know with whom he was about to fight?

[Makarov] Nor did Dudayev either, most likely, expect that this would happen in this form. There was an all-too-drastic assault on our part also. I refer to the commitment of troops without preliminary psychological preparation.

[Khadzhiyev] No. He was warned repeatedly. But Dudayev was simply thirsting for war. He assumed that when war began, all of Chechnya, then the Caucasus, then Russia would erupt. But Chechnya did not erupt. He was supported by only 5-10 percent of the population. Had Chechnya erupted, the troops would not

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have gone further than 20-30 km, I assure you. Chechnya could put up 200,000-250,000 fighters. The Russian troops were opposed by 5,000-10,000 at the most. Today our people are in a trap: on the one hand, Dudayev and his criminal regime, on the other, the federal forces. These are the millstones within which the population of Chechnya is struggling at this time.

[Makarov] Is any Khasbulatov influence sensed in the republic at this time?

[Khadzhiyev] I do not greatly sense this influence. Possibly because I do not have the time for politics, for influences. What is most important for me are water, lighting, gas, bread, plants, schools. It will soon be September—the children must go to school.

[Makarov] Do you think that you will in the future become the leader of the republic?

[Khadzhiyev] I do not frame the issue for myself on that level. I simply say that if can move out into science without pangs of conscience, I will necessarily do so. But if I feel that I cannot explain to myself why I am running to science, I will wrestle with this.

[Makarov] But you are a former minister of the USSR, a professional politician and statesman, so to speak. And professionals are always preferable to amateurs, be they generals or poets, like Yandarbiyev, vice president of Chechnya.

[Khadzhiyev] I am not a professional politician. You need to have for this... well, a somewhat different conscience, say. But were I a professional politician, I would not get into this.

[Makarov] You are, most likely, being showered with accusations that you have sold out to Russia, the Russians, and so forth, that yours is a puppet regime?

[Khadzhiyev] There are such accusations at the level of foolish people or at street level. Can you imagine that someone could have prompted such a power as Russia to take truly major steps had they not corresponded to the interests of the most powerful political grouping in Moscow? The war in Chechnya is among such steps. But now the same grouping is concerned for peace. But all Chechens are concerned for this also.

Official Puts Chechen Refugee Figure at 200,000

LD2707111395 Moscow INTERFAX in English 1011 GMT 27 Jul 95

[FBIS Transcribed Text] MOSCOW, July 27 (INTERFAX) — Around 200,000 Russians left the Chechen Republic during the rule of Dzhokhar Dudayev, said chairman of the commission for citizenship under the Russian president, Abdulakh Mikitayev, in an interview with INTERFAX.

He believes that if the constitutional order is restored in Chechnya, most refugees will return to their homes. "Already now the population in Grozy constitutes 280,000-300,000 people, including 100,000 Russians," he said.

Mikitayev said that it is necessary to provide employment for those who returned to Chechnya. He said that the largest part of the population is engaged in the reconstruction work.

Chechen Urges Economy-Motivated Peace With Russia

LD2607135195 Moscow ITAR-TASS in English 1331 GMT 26 Jul 95

[By Sergey Chereshnev]

[FBIS Transcribed Text] MOSCOW, July 26 (ITAR-TASS) — "Chechnya's coexistence with Russia could be possible only on the basis of mutual economic interests," Ramazan Muzayev, who introduced himself as the "press secretary of the Chechen permanent mission in Russia," said.

In mid-June, when Muzayev was detained by the Russian Security Service in accordance with a presidential decree on fighting gangsterism, he said he was "a representative of the Chechen press news agency in Moscow."

Speaking at a news conference at the Russian-American Press Centre in Moscow on Wednesday, Muzayev told journalists that he had had a meeting with Usman Imayev, head of the Chechen delegation to the peace talks in Groznyy, on Tuesday.

"Chechnya should be interested in having Russia not as an aggressive factor, but as a good neighbour who can bear part of its costs," he said.

Muzayev stressed that since 1991 Chechnya has not been involved in any events as a constituent republic of the Russian Federation. "Whether Russia likes it or not, Chechnya has existed de-facto as an independent state for several years," he added. "What happened in Chechnya over these years is often referred to in Russia as crime, but it was an attempt to build a stabler economy."

He also blasted the Russian federal authorities's actions in Chechnya.

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Moscow Adopts Post-Voucher Privatization

954E1185A Moscow KOMMERSANT-DAILY in Russian 13 Jul 95 p 2

[Article by Mikhail Dineyev under the "What Has Been Decided and What Is Being Decided" rubric: "The Meeting of the Moscow City Duma: Moscow Did Not Give In, but Everyone Seems To Be Satisfied"]

[FBIS Translated Text] At yesterday's meeting of the Moscow City Duma, after a long preparatory stage the deputies finally dealt with adopting the foundation of the municipal program of post-voucher privatization. The corresponding draft of the municipal law was unanimously approved. It is interesting that the developers did not consider the document to conflict with the federal privatization program too much, while Goskomimushchestvo [State Committee for the Administration of State Property] representatives, though they expressed some dissatisfaction with the program, were surprisingly slow in criticizing the document. Evidently the deputies, satisfied with the adoption of such a solid document, postponed discussion of two other draft laws, "On the Budgetary Process" and "On the Concept of Municipal Policy in the Area of Real Estate," for a later time.

The conflict between the Moscow and the federal authorities on questions of privatization became a tradition long ago. It is for precisely that reason that Moscow has until now not had its own post-voucher privatization program. Not only did the federal structure, the GKI [Goskomimushchestvo], refuse to consent to the drafts proposed by Moskomimushchestvo [Moscow Committee for the Administration of Property], the capital's actual legislative branch of power, the City Duma, refused as well. Let us remind you that when the program was formulated, there were two variants. The first was a document of indirect actions which defined only the most general features of the privatization process in Moscow. On all specific questions it would contain references to federal and municipal legislative enactments. The second type proposed a document of direct actions in which the mechanism of privatization Moscow-style would be carefully described. After lengthy debate, the developers came to the conclusion that neither one of the variants could operate effectively in its pure form. As a result, a kind of mixed variant appeared; however, it is like the second type in terms of substance.

But judging from the new program, the Moscow government and the GKI have finally reached a compromise, especially since all the chapters give references to Russian Federation legislation. And attempts by Goskomimushchestvo representatives to make criticisms of the document, which was preceded by several "prototypes" developed by Moscow with the Committee's participation, were met with surprise by the deputies. A moment later, it is true, the situation became clear: the draft program underwent reconciliation with GKI specialists before official discussion, so criticism by them proved to be more of a tribute to tradition. The point is that the corrections proposed by Goskomimushchestvo and adopted by the Duma change the draft law in an optimal way, although, despite all the GKI's attempts, in the final edition it reinforces the Moscow specifics of destatization. This feature of the law is interesting: the most controversial features of legislative regulation of privatization are almost not reflected in it at all. For example, the sharply debated question of privatization of parcels of land. Land as an object of purchase and sale does not figure in this law.

Judging from the Moscow government's completely natural unwillingness to part with land, the formation of private land ownership in the city will begin with directed (by the mayor's decision) privatization of parcels under already privatized objects. Proclaiming the compliance of the process of land privatization to the norms of federal and municipal legislation, the new draft law, however, refers in all cases to documents of the Moscow authorities; the institution of private ownership of land will obviously be formed in accordance with those. However, inasmuch as the Moscow government has never concealed its skeptical attitude toward privatization of land, preferring long-term leasing, we will apparently have to wait quite a while for concrete Moscow legislation in this area.

As for Moscow's draft law "On the Budgetary Process," its fate is predestined, since the document is above all supposed to satisfy Duma ambitions. In their draft law, the deputies decreed that from now on they would deal only with annual budget reports, and then only those sent to them no later than 20 November of the year preceding the fiscal year. Moreover, if the city's law on the budget does not go into force before 31 December, for unratified budget subheadings, the Moscow government will have to spend an amount equal to one-twelfth the preceding year's amount.

The process of adopting a municipal concept of administration of real estate promises to be much longer. Its official presentation took place back at the April joint collegium of the Moscow government and the Department of Construction. The concept is focused above all on creating a system of interlinked laws and other normative enactments and on Moscow's vigorous activity to manage land and other real estate and should ensure its effective use in the population's interests. Judging from this concept, the exploitation of the city's property and land may soon become more profitable. One

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can confidently judge this intention by Luzhkov's already historical slogans at the collegium, for example: "All rent for day-to-day needs," and "After selling one building, use the money to build another."

[Box] *Some Features of the Moscow Privatization Program Income from privatization is distributed in the following proportions: 77 percent to the city's budget, and 10 percent to the federal budget. The rest is divided between the city and federal committees for the administration of property.*

— Commercial competition with investment conditions is the priority method of privatization of enterprises.

— The use of privatization checks reserved in the form of vouchers based on Sberbank [Savings Bank] Form No. 31 is allowed as a means of payment.

Upbeat Forecast for Grain Harvest Questioned

MM2607152795 Moscow TRUD in Russian 26 Jul 95 p 1

[Article by Yelena Berezneva under "Own View" rubric: "Grain Is Counted in the Fall"]

[FBIS Translated Text] The government reassures us that Russia will feed itself on its own bread, although the loaf promises to be smaller than last year's by at least 4 million tonnes.

The agro-industrial chiefs are making confident forecasts: This year the country will have 75-78 million tonnes of grain, including approximately 32 million tonnes of wheat. This is precisely the amount of wheat that we need to feed ourselves. According to the data of A. Zaveryukha, deputy chairman of the Russian Federation Government, the serious drought has done tangible harm to the crops in 26 regions. In the Volga Region and central Russia, above all. There is nothing at all to be harvested from approximately 3 million hectares. But we will succeed in compensating for the losses with bigger grain harvests in the Altay, the south of the country, and West Siberia.

By 24 July grain crops in Russia had been cut on 20 percent of the areas, and the amount threshed came to 20 million tonnes.

Just as last year, which was more successful for Russian peasants, Zaveryukha maintains that the state will not buy grain abroad. Commercial structures want to, but the state says no way. First, there will also be a sizable shortfall in the grain harvest abroad — approximately 100 million tonnes less than last year. Therefore world prices have jumped from $120 per tonne to $180. Our slender federal means cannot run to such expenditure. Although new prices for our daily bread (double last year's) are already shaping up even in southern Russia in connection with inflation and the increase in electricity tariffs, the home-grown loaf is, all the same, less expensive than an imported one.

Zaveryukha also predicts natural growth in bread prices in the trade network. But, in his opinion, many heads of administrations in the regions will be able to regulate these prices by means of subsidies from local budgets.

Despite the slump in agricultural production in the country, we succeeded in increasing sunflower sowings. This means, Zaveryukha believes, that we will not buy sunflower oil abroad either. But 30 percent of livestock products will be imported, since we have slaughtered our livestock and eaten well.

Such are the official forecasts and operational data. However, information from the provinces puts us in a far more anxious mood. Above all, information concerning grain. It turns out that the south is certainly not expecting a large loaf this year. Reports are issuing from Krasnodar Kray that grain crops are infested with bugs (so-called chinch bugs). You cannot bake decent bread with such grain. Last year's dry fall, the snowless winter, and the too hot summer also will not allow the Don peasants to gladden us with record harvests this time. The fields there will produce, on average, a maximum of 18 quintals of grain per hectare — at least four quintals less than last year. In addition to the heat, the lack of fertilizers has also affected the harvest. In the course of reaping there have also been delays over obtaining fuel. Hence the idle time and losses quite unconnected with natural cataclysms. A. Isayev, TRUD's own correspondent in Rostov-na-Donu, reports that power workers, in trying to get country folk to pay their debts, have frequently left them without light. An awkward situation has emerged on the threshing floors — grain has had to be sorted by hand. Sometimes grain has burned. A spark from the combine, and an entire field no longer exists.

In Siberia, particularly in Omsk Oblast, according to unofficial forecasts (the oblast agricultural administration does not yet risk making official ones), the yield per hectare for grain crops will be two or three quintals higher than last year. Some 150,000 hectares there have been treated with herbicides. But harvesting promises to be very difficult. Spring crops are being held back by the cold weather in July.

There is no corner of Russia where peasants have not experienced difficulties acquiring and bringing in fuels and lubricants this year. Half the harvesting equipment is laid up.

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The government can, of course, make its own optimistic forecasts. Being the government, its purpose is to correct our mood at the right moments and to prevent social tension from being exacerbated. But it makes sense to rejoice when the grain is no longer in the field but in the elevator or barn. Siberia has not yet started harvesting. Harvesting is not over at the center either. It is not clear how our unpredictable weather will behave in the future. Will we succeed in gathering, removing, and sorting the whole harvest? Alas, Russian practice attests that one-third or even more of what has been grown is frequently lost and rots. In short, it is, all the same, more logical to count grain in the fall. Like chickens.

Incidentally, information has still not been made public with regard to just how much grain our commercial structures bought abroad last year, which was essentially favorable for the Russian grain grower. Which banks empowered by the government provided the credit for those purchases? There is information that our businessmen are already concluding new contracts with foreign partners. Without waiting for the fall and despite the prices. Although the government swears blind that it is not answerable for businessmen but firmly stands guard over the interests of Russian commodity producers, I would very much like this secret to be revealed — to be revealed at least slightly. Then it will become clear whether we have eaten our "own" bread and whether we will eat it in the foreseeable future.

Marchenko Announced as New Stavropol Governor

MM2607122795 Moscow IZVESTIYA in Russian 25 Jul 95 p 2

[Report by Dmitriy Badovskiy and Teymuraz Shaveshov: "New Stavropol Governor: A Stavropol Man Through and Through"]

[FBIS Translated Text] Yet another "Budennovsk vacancy" has been filled: Petr Marchenko has been appointed chief of the Stavropol Kray Administration. The new head of the kray executive authorities was introduced Friday [21 July] to the administration staff by Sergey Filatov himself.

Although there was no need to introduce him — in the usual meaning of the word. Petr Petrovich is well known in the kray. He is one of us, they might say. Stavropol through and through. He was born there, went to school there, and it is his home.

From 1974 through 1989 he was in the construction business, he headed major construction organizations in the kray and the North Caucasus, and then rapidly acquired administrative stature: chairman of Stavropol City Soviet Executive Committee, deputy chief of the kray administration, first deputy chief of the kray administration.... Finally, the tragedy in Budennovsk put paid to the former governor, Yevgeniy Kuznetsov, and....

Petr Petrovich Marchenko plays volleyball and likes hunting and fishing. He is a model family man. What his colleagues say about him is: "No matter what he sets out to do, he is always successful."

Previously the most likely candidates for the post of administration chief had been Aleksey Kulakovskiy (the president's representative in the kray and administration chief in the city of Mineralnyye Vody) and Aleksandr Karabeynikov (deputy governor), who was talked of as a representatives of the "new generation of Russian politicians."

Kulakovskiy's chances were reckoned to be very good — he has extensive connections in Moscow. Suffice it to say that that news of his possible appointment was widely disseminated, while the NTV news analysis program "Itogi" even accompanied a report on the high likelihood of Kulakovskiy's appointment with a photograph of the candidate.

Maybe it would all have turned out right. But the Kremlin apparently reckoned that the appointment of Kulakovskiy would have brought a new political breed into power and, naturally, the formation of a new administrative team and a "redivision of power" in the kray.

The Cossack actions demanding the return of the "unfairly dismissed" Kuznetsov were very opportune. As a result, the dismissed administration chief obtained more honorable resignation terms — "of his own accord." But the main topic of the consultations with Moscow was probably the question of preserving continuity of power in the kray.

One may assume the "Cossacks' voice" was heeded in Moscow.

Let us also note the fact that Marchenko oversaw all military affairs in the kray (in particular, military construction). Many describe him as a figure "close to Grachev." Moreover — which is also highly indicative — there is a concerted emphasis on the fact that, given the current situation in the kray and in the region as a whole, the "top man" we must be one who is indeed close to the military. On top of all this, the new administration chief is actively involved in creating the kray structures of the "Russia Is Our Home" movement.

Only last Friday the dismissed Yevgeniy Kuznetsov returned to Stavropol from Moscow. Nothing is known at the moment about his future plans. The word in the kray is that the former governor will probably have a

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bit of a rest after the recent upheavals, while retaining his senatorship in the Federation Council. At any rate, his political authority in the kray remains very high.

Yavlinskiy Leads Krasnodar Election Poll

954F2892A Nalchik SEVERNYY KAVKAZ in Russian 22 Jul 95 p 5

[Article by V. Shaposhnikov: "Convictions Are Reflected in the Results"]

[FBIS Translated Text] The analytical group Policy under the Krasnodar Center for Applied Political Studies conducted a public opinion poll regarding the political sympathies of the citizens. If the presidential elections were held this summer, then, according to the poll, Yavlinskiy would have the best chances—23.8 percent, 8.5 percent of the voters would cast their votes for Chernomyrdin, for Yeltsin—8.2 percent, and for Zhirinovskiy—7.7 percent. In the elections to the State Duma according to party lists, Yabloko leads—17.6 percent, and there are somewhat fewer supporters of the LDPR [Liberal Democratic Party of Russia]—15.7 percent. Thirteen percent declared that they will give their votes to the communist Zyuganov, 11 percent to Women of Russia, and 9.5 percent to officials from Russia Is Our Home. Almost every fourth resident of the kray center would like to see Senator Nikolay Kondratenko as the governor, and as mayor of the city—Valeriy Samoylenko, the former city head. They are also given preference in the elections to the upper chamber of parliament.

However, it must be noted that the specialists who conducted the poll are very close in spirit to the democrats and to those who are associated with the kray authorities; therefore, the results that were obtained are those that they wanted to obtain. For it is known that in the November elections to the kray's Legislative Assembly and the Krasnodar City Duma, an early vote was organized by command for former Mayor Samoylenko in military units where the soldiers obediently cast their ballots for him. Well, but the rest of the citizens on the day of the voting ignored him so unanimously that as a result he did not get anywhere, losing to absolutely unknown candidates.

Cabinet Reviews Kabardino-Balkar Budget

954F2883A Nalchik KABARDINO-BALKARSKAYA PRAVDA in Russian 21 Jul 95 p 1

[Unattributed report: "Session of the Cabinet of Ministers (Government) of the Kabardino-Balkar Republic"]

[FBIS Translated Excerpt] A session of the KBR [Kabardino-Balkar Republic] Cabinet of Ministers was held yesterday. The government discussed the report of Kh.V. Sheozhev, minister of finance of the republic, "Results of Administration of the Budget of the Kabardino-Balkar Republic in the First Six Months of 1995." Following lengthy and detailed discussion of the report, the KBR Government adopted a decree on this matter.

It notes that the budget of the republic received in the form of taxes and payments a total of 120 billion rubles [R] or 87.6 percent of the specified amount; the republic budget, R49.1 billion (68.2 percent); the local budgets, R70.9 billion (122.6 percent).

Considering relations with the federal budget, the revenue of the consolidated KBR budget constituted R235.5 billion, and the republic budget, R167.6 billion, that is, was executed at 90.2 and 80.7 percent respectively.

Expenditure of the KBR budget constituted R231.3 billion or 88.6 percent of that specified in the budget, and from the republic budget, R165.3 billion or 79.6 percent.

The KBR Cabinet of Ministers took note of the account of the KBR Ministry of Finance on administration of the budget of the KBR in the first half of 1995 and forwarded it for consideration to the parliament of the republic.

For a tightening of control of the actual infusion of the revenue side of the budget of the republic with tax receipts from the sale of alcoholic products, the State Tax Inspectorate for the KBR, the Department of Tax Policy of the KBR, the KBR Ministry of Finance, the KBR Ministry of Internal Affairs, and the KBR Ministry of Agriculture and Food are instructed to undertake in the third quarter of 1995 a comprehensive check of the financial and economic activity of the producer enterprises.

The corresponding instructions have also been given to other ministries and departments, city and rayon administrations, and enterprises and organizations.

The government of the republic considered the program of the KBR Cabinet of Ministers (Government) "Reforms and Prospects of the Socioeconomic Development of the Kabardino-Balkar Republic in 1995- 1997."

In accordance with the ceilings of capital investments approved by the law "The 1995 KBR Republic Budget" and the Guidelines of the Federal Investment Program for 1995 conveyed by the ministries of economics and finance of the Russian Federation, the KBR Cabinet of Ministers confirmed a revised program of capital construction for 1995 financed from budget allocations.

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The KBR Cabinet of Ministers (Government) took note of a report of the State Fund for Employment of the Russian Federation for the KBR on administration of the budget for 1994 and approved the KBR draft law "The Budget of the State Fund for Employment of the Russian Federation for the KBR for 1995".

It was decided to submit for consideration by the KBR parliament the KBR draft law "The Budget of the State Fund for Employment of the Russian Federation for the KBR for 1995". [passage omitted]

Kabardino-Balkaria's Crime Rate Reportedly Down

954F2892A Nalchik KABARDINO-BALKARSKAYA PRAVDA in Russian 22 Jul 95 p 4

[Article by the MVD Press Service of the Kabardino-Balkaria Republic: "The Most Important Work for the Republic Is the Fight Against Crime"]

[FBIS Translated Text] On 20 July, Lieutenant General Kh.A. Shogenov, minister of Internal Affairs of the republic, conducted an expanded collegium of the MVD KBR [Ministry of Internal Affairs of the Kabardino-Balkaria Republic], where the results of the operational service activity of the organs of internal affairs for the past six months were discussed and the tasks for the second half-year were defined.

The report that he presented noted that the militia worked under intense conditions and achieved definite positive changes for the better. There was a decrease in crime by 2.3 percent, and crime-solving rose by 17.9 percent. Fewer murders, robberies, muggings, and thefts were registered. The activity of 10 organized criminal groups was stopped, and a significant amount of weapons and material valuables was confiscated. At the same time, the minister emphasized, the criminogenic situation in the republic remains complex.

For six months of 1995, it was not possible to achieve a reduction in the number of grave crimes, channels for the entry of narcotic substances into the republic were not blocked, and the proportion of crimes committed in a state of alcoholic intoxication is growing.

In connection with the signing of the edict on intensifying the fight against crime by B.M. Kokov, president of the KBR [Kabardino-Balkaria Republic], Kh.A. Shogenov proposed to the leaders of all of the services and subunits of the MVD KBR to draw up specific recommendations for the implementation of this very important document.

Opinions were expressed on the essence of the problems being considered by V.S. Popov and L.I. Deshev, deputies to A. Kokov, minister of Internal Affairs of the KBR; G.I. Lanevskaya, deputy chief of the investigative directorate of the MVD KBR; R.N. Kertiyev, chief of the directorate for the fight against organized crime of the MVD KBR; A.S. Abidov, chief of the SID and SR [not further identified] of the MVD KBR; Zh. Abazov, deputy chief of the public safety militia; and A.Kh. Yemnuzhev, chief of the investigative directorate of the Procuracy of the republic.

A.M. Batyrbekov, minister of justice of the republic, pointed out the necessity for further reinforcement of the interaction of the law enforcement organs and the coordination of their efforts in the fight against crime. "Despite the fact that the MVD is doing a lot, there is no cause to be sanguine," Yu.M. Ketov, the secretary of the Security Council of the KBR, stated. For today, he further noted, "the most important work for the republic is the fight against crime." Characterizing the level of established cooperation between the SB [Security Council] and the MVD, Yu.M. Ketov evaluated it as "good."

The expanded collegium of the MVD KBR adopted appropriate decisions on all of the questions that were considered.

R.I. Abazov, the procurator of the republic and state counselor 2d class, and A.K. Makarychev, minister of security of the KBR, participated in its work.

Article Portrays St. Petersburg Cossack Station

954F2836A Moscow IZVESTIYA in Russian 29 Jun 95 p 5

[Article by Aleksey Chelnokov: "The Business with the Whip"]

[FBIS Translated Text] St. Petersburg/Moscow — "....My possibilities of shedding light on these events are extremely limited, including because of the quite real prospect of being killed. But if I have to die, let me go out with a bang." This is the beginning of a note from a Cossack military chief, Vladimir Novikov, which turned up at IZVESTIYA. But his fears, fortunately, were not to come true. Although, as it was subsequently learned, there was justification for them—there was a very poignant mixture of politics and crime discovered in the affairs of the St. Petersburg Cossack society Feodorovskaya Stanitsa. The problem of Novikov himself, by his own admission, was understandable: It so happened that he was in charge of the security service of the St. Petersburg divisions of two competing organizations at the same time—the Union of Cossacks and the Union of Cossack Troops.

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Can a Failed Contract Murder Be Considered Successful?

In November of last year a killer downed three men with several rounds from an automatic. Two died on the spot. The third, one of St. Petersburg's ultra right-wing leaders, Yuriy Belyayev, was severely wounded, but he survived and is now back doing police work as before.

Belyayev blamed the attempt on certain special services for whom he says he had become a dangerous political figure. Journalists, in turn, guessed at the motives for the crime: politics or criminal business? While working out numerous versions of the murder attempt, for some reason nobody paid any attention to one of the people who was murdered who was called Belyayev's bodyguard.

This person was named Andrey Koshelev. He was a Cossack sub-captain at Feodorovskaya Stanitsa and in 1993 he fought in Bosnia and Herzogovina. The troop leader Novikov knew him personally from working together in a commercial bank. As he said, the deceased occupied a position high above a rank-and-file bodyguard in the organization's hierarchy. Additionally, Koshelev's authority and influence were considerably greater than that of Belyayev himself.

After returning from the Balkan war Koshelev became deputy general director of the Kuren guard enterprise. (Another fact that confirms Novikov's words. Why did Belyayev have to use the services of an outside guard firm if he had his own—Rubicon-Security?) Kuren is one of the commercial enterprises included in the structure of Feodorovskaya Stanitsa which could quite correctly be called a holding company.

The Stanitsa also includes the commercial bank Veda, the commercial real estate firm Ekopolis, a wood processing plant, a sewing production, and two publishing houses. The Cossack entrepreneurs have restoration shops that are closely linked to the economic administration of the Moscow patriarchate. And recently Feodorovskaya Stanitsa privatized a wood packaging base located on the territory of the port of St. Petersburg where there is a clump of land—it is worth a fortune.

The staff of the security service that monitors all these commercial structures was headed by Andrey Koshelev. The authority of the deceased among St. Petersburg national patriots is shown if only by the fact that the chief of the administration of administrative organs of the mayor's office, Anatoliy Smirnov attended his wedding in March of last year. When the security service of Feodorovskaya Stanitsa was created, Koshelev was personally consulted by the former chief of the internal affairs administration of the city of St. Petersburg and the oblast, Major General Arkadiy Kramarev.

In June someone arranged for Koshelev to be in a car accident. But at that time he survived: After having spent a couple of weeks in the rehabilitation ward, he returned to his fairly mysterious and dangerous duties. Thus it is most likely that nobody intended to take Belyayev's life, but he had become an unwilling victim of the intrigues of others. (In the Veda Bank, Belyayev was not so free and easy as he is at the podium or on the television screen, as he patiently waits his turn among the rank-and-file applicants.)

Shoulder Boards for a Soldier's Blouse

The crime business is one of the most probable versions of the debts of the respected Cossack. What is the connection between them? In order to answer this question it is necessary to say a couple of words about how the Cossack structures of St. Petersburg were created.

The idea of reviving the Cossack society appeared in a group of enthusiasts. The most noteworthy figure in it was Boris Almazov, an art scholar and member of the Union of Writers. In November 1990 the founding circle created the society of St. Petersburg Cossacks Nevskaya Stanitsa. Almazov was elected as ataman and Novikov as his assistant.

Soon a young businessman named Aleksandr Varvarin, in the business of selling Surgut oil, appeared among the ataman's friends. Trying to remain in the shadows, Varvarin generously sponsored the Cossacks. But soon this source dried up: In December 1993 the businessman's head was bashed in with a collapsible club.

Then the money began to be given by different entrepreneurs—the brothers Vyacheslav and Sergey Schevchenko. But soon things started going wrong with them too. The law enforcement organs began to suspect them of dealing in contraband and antiques and placed them in prison while under investigation for several months.

At approximately the same time, dissension began among the various Cossack groups. The wave raised by the conflict between the ataman of the Union of Cossacks, Aleksandr Martynov, and the supreme ataman of the Union of Cossack Troops of Russia, Viktor Ratiyev, made its way to St. Petersburg.

Almazov faithfully kept his oath to Martynov. And the leadership of Feodorovskaya Stanitsa, having separated from Nevskaya, was drawn toward Ratiyev's troop. The reason for the disagreements, it seems, were considerations of a practical nature.

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The chief of the Cossack Information-Analytical Center, Novikov, who at that time was in the employ of Feodorovskaya Stanitsa, recalls one incident:

"The ataman of our Stanitsa, Ivan Chernikov, phoned: 'Vladimir Tikhonovich, tomorrow a very important person will be there and you must give him first-class treatment.' The guest introduced himself as Georgiy Nikiforov, 'ataman of distant Russia.'"

We introduced the Cossack Colonel Nikiforov to our highly placed acquaintances from the mayor's office. As was expected, we organized a sumptuous banquet in the best restaurant in the city. Then, since he was tired, he was taken to the hotel and they even helped him undress. Novikov was dumbfounded when he looked at the colonel undressed to the waist. His back was strangely covered with tattoos and shoulder boards had been pinned on his shoulders. The troop elder probably thought that in the thieves' hierarchy this also means a high rank.

The "important person" with the tattoos turned out to be an emissary from the head thief in Khabarovsk, Vladimir Podatev, alias Pudel. The latter was one of the sponsors of the Union of Cossack Forces and a friend of ataman Ratiyev.

The Ministry of Foreign Affairs of the Cossack Stanitsa

Stripes and tattooed shoulder boards, volunteer Cossacks and killers—all this together would probably have not deserved attention were it not for the fact that politics were involved. Even if it was the kind where farce and big money go hand in hand.

I shall begin with an episode which considerably amused the bureaucrats from the Ministry of Justice of the Russian Federation. The ataman of Feodorovskaya Stanitsa came there and said: "I want to register the Ministry of Foreign Affairs." "Excuse me," they asked the strange person, "and who are you?" "I am the minister. I want to register the ministry as a public organization."

It is amusing, but there is an order signed by Ratiyev: "On the basis of the Cossack society Feodorovskaya Stanitsa, organize a Ministry of Foreign Economic and Cultural Relations of the Union of Cossack Forces of Russia and Abroad."

Why did the St. Petersburg Cossacks need their own ministry? In the first place, for "prestige," of course. In the second place, they have their interest in certain countries of the far abroad—in places where orthodoxy is practiced and descendants of white immigrants live.

Beginning in 1992 Belyayev and his patrons from among the Cossack entrepreneurs engaged in sending mercenaries to the former Yugoslavia (without risking their own lives, of course). They did not do this, of course, for completely unselfish reasons. It is known that it costs a considerable amount of money to send fighting men, and for people killed in the war the Karadzic government pays so-called "burial fees" (the Veda Bank is certainly not a superfluous part of these financial relations). Also the grateful Serbs, in Novikov's words, sold to the leaders of Feodorovskaya Stanitsa private dwellings in Montenegro and on the Adriatic coast practically at a discount.

A minister of the Cossacks is something unprecedented in history. Ataman Chernikov proved to ataman Ratiyev that this post had to be established after organizing a trip to the Cossack headquarters by "a representative foreign delegation." An American of Serbian origin, Robert Lee Popovich (Chernikov recommended him as a former speechwriter for Bush), Dragan Radenovich, former head inspector of special purpose units of the YNA [Yugoslav People's Army], and a religious pilgrim, Mother Angelina, set out for the Don.

The "ministry" was founded in the office of the Veda Bank. Expenditures on international telephone conversations were not limited. Soon they had signed several agreements for friendship and cooperation with the unrecognized republics of Serbia and Serbskaya Kraina. Radenovich was appointed "ambassador of the SKVRiZ [Union of Cossack Hosts of Russia and Foreign Countries] to the United States and Canada." He was assigned the task of using the influence of the Russian diaspora to penetrate into financial and political circles of the West.

In May of last year Ratiyev and President of Crimea Yuriy Meshkov signed an "indefinite agreement on cooperation and mutual assistance." In the area of economics the parties, in particular, agreed "to contribute to the development of a real estate market and the acquisition of such by Russian Cossacks in Crimea." The SKVRiZ embassy was given the right to diplomatic immunity. The agreement was made public, of course, through the efforts of "minister" Chernikov.

A Room Without Windows

Chernikov, it seems, does not occupy an alien position. His gift of persuasion can even send chills up your spine. Otherwise how can one explain the fact that a member of the holy synod of the Moscow patriarch metropolitan Ioann by his own hand dissolved that which had been accomplished in Heaven. Actually, for what reason? Because the "minister" considered his church marriage to citizen F. to be a "temptation."

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Nonetheless, the ataman of Feodorovskaya Stanitsa does not have the right to sign financial documents. In order to resolve even an insignificant problem he must call "upstairs." In essence, Minister Chernikov is a figurehead behind whom serious people do their business.

Aleksey Nosachev and Aleksandr Andreyev, former Komsomol [All-Union Lenin Communist Youth League] workers are considered to be the real masters of the holding company Feodorovskaya Stanitsa. Taking advantage of the fact that the influence of the Cossack movement is growing, they are moving higher and higher up the ladder of big-time politics. And the higher they go, the thicker their wad of banknotes.

The work office of Nosachev, head of Veda, looks somewhat strange. There is not a single window and no desk. But covering one whole wall is a wooden panel. The "Cossack magnate" and his bodyguard spent many hours throwing knives at this panel.

When do they make money? It seems that businessmen from Feodorovskaya Stanitsa do not have to exert any special effort to earn money. Just as the Veda Bank does not need to advertise. According to available information it has 40 permanent clients. Some of the capital is so-called "Chechen money" (it is known that the Vsevelikoye host of the Don on instructions from Ratiyev concluded an agreement for cooperation with Dudayev).

Nosachev and Andreyev—as former Komsomol nomenklatura—have extensive ties among highly placed workers in power structures, industrial enterprises, and independent merchants. They have spent a good deal of money to put these people in the city Duma. They have influential protectors in Moscow.

Circulating in the Kremlin corridors of power, figures from Feodorovskaya Stanitsa a half-year ago brought a letter signed by Mayor Anatoliy Sobchak with a demand to allot the Cossacks seven hectares of land in the 23rd District of the city of Pushkino—an extremely prestigious region on the outskirts of St. Petersburg. It was allotted; what could they do: The revival of the Cossacks is state policy.

Although the revival of the Cossacks, in Novikov's words, is only a cover behind which back-room politicians are trying to create a powerful ultra-right-wing movement in St. Petersburg.

St. Petersburg 1996 Budget Discussed

954E1185B Moscow KOMMERSANT-DAILY in Russian 13 Jul 95 p 2

[Article by Sergey Slyusarenko: "500 Billion Rubles Sought in St. Petersburg"]

[FBIS Translated Text] Based on the federal authorities' example, the St. Petersburg mayor's office in midsummer began to prepare the municipal budget for next year. The program prepared by the mayor's committee on finances which contains the list of measures to increase budgetary income and reduce the losses of organizations subsidized from the municipal treasury was made available to KOMMERSANT. The program was already reviewed by the city government, and afterward all the mayor's office departments joined in working on it. They are required to submit, within the next two weeks, their ideas on the most effective way to execute the budget for the remaining months of this year and next year, 1996.

A Special Group of Budget Researchers Has Already Been Formed

The Petersburg budget was adopted only a month ago, and lengthy and biting polemics between the administration and the deputies (KOMMERSANT has written about this more than once) preceded that. However, as it became clear, the mayor's office attempted not only to discuss it with the norm-setters but also to work for the future. The program for increasing budgetary income which the office prepared should bring the city treasury more than 500 billion rubles [R] this year alone. (Incidentally, last year the city fathers managed to squeeze an additional R150 billion from taxpayers.) A final estimate of the amount of reserves for next year has not yet been made, and one can only assume that it will be roughly 1.5 times larger than the current amount.

The fact that from now on work to find additional sources of budget revenue will be done constantly bolsters this idea. By directive, Anatoliy Sobchak organized a special working group under the city government which the deputy mayor for foreign economic activity, Vladimir Putin, was put in charge of. Incidentally, the authors of the program had already shown enviable resourcefulness: the program takes into account lease payment rates and the sale of motor transport acquired to hold the Goodwill Games and fees from dog owners. But the largest financial revenue for the budget is expected, naturally, not from such "trivialities," but from the sale of, for example, MKO [possibly short-term municipal bonds) or land under privatized enterprises.

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The Mayor's Office Maneuvers

According to the estimates of the mayor's financial experts, in recent years, Petersburg enterprises have increasingly paid their taxes. Last year, incidentally, the enterprises were left with the lowest percentage in the last five years of income received—total capital came to R3.9 trillion including depreciation funds, while R8.8 trillion was transferred into budget and nonbudget funds. The local administration does not conceal the fact the federal authorities are following what is, from their point of view, an excessive tax policy. This year, according to the deputy mayor for finances, Aleksey Kudrin, the government continued the attack on the regions by reducing the income bases of local budgets even more. This includes, above all, reducing the special tax rate for maintaining the most important sectors of the economy, reducing the number of types of activity subject to licensing, and, finally, deducting 10 percent of income tax to the federal budget. As a result, the income base of the Petersburg budget declined by 10.5 percent as compared to the previous year, which was by no means the most prosperous year.

Nonetheless, even in this seemingly critical situation, the city administration still has latitude (and considerable latitude) for maneuvering. It has the power to increase the tax rate on the property of enterprises, the tax rate for maintaining the housing fund and objects of the sociocultural sphere, the tax rate on profits (notably profits transferred to the local budget), etc. True, it should be mentioned that Smolnyy, unlike many other subjects of the Federation, did not try to increase the tax rate as much as possible, limiting itself to a traditional increase in the rental payment for nonresidential space, introduction of licensing of trade enterprises, conclusion of contracts with banks to pay for the balance in budget accounts, and so forth. But overall, the policy of the municipal authorities during the last two to three years has remained fairly stable, and the emphasis is largely on raising rental payments and taxes on property and land.

People in the committee on economics and finances are perfectly confident that the structure of income in Petersburg is more progressive and advanced in the direction of the tax reforms which are being implemented in the country. This means that taxes on property and land as well as the income tax have much less of an impact on the budget and, in contrast, the tax on profits plays the leading role. There is no comparable data for the current year, unfortunately, but the 1994 indicators are convincing confirmation of this point of view. People in the mayor's office assure us that this year the situation has not changed fundamentally.

Sovereign Dreams

Everyone is familiar with Sobchak's dream to make Petersburg the banking capital of Russia. And he has managed to accomplish certain things. The vice president of the Association of Commercial Banks of Russia, Garegin Tosunyan, announced to the KOMMERSANT correspondent that Sobchak had created better conditions for the development of banks in Petersburg than in Moscow, where there are many situational trends. The preferential taxation system of the banking sector—the tax on profits in Petersburg comes to 22 percent—indeed resulted in some influx of banking capital here. During the year, the number of banks, which as everyone knows are major taxpayers, increased by 40; growth came to 148 percent. Naturally, this led to a rise in the proportion of banking taxes in the city budget's aggregate income. While the figure was only three percent for two years, this year it is already over 4.5 percent.

In addition to this, starting this year the mayor's office intends to consolidate in the city budget the income which the accounts of various organs of administration receive and reduce tax benefits when city property is put up for rent. But the opportunity for direct fiscal pressure on enterprises has been exhausted, and the mayor's financial experts acknowledge that.

In this situation, evidently the committee on economics and finances will still have to try to balance the increase in regional taxes with a decrease in federal ones. And above all that means the tax on profits and the fee for the federal highway fund. Incidentally, the local administration has been dreaming of reducing the Petersburg budget's dependence on federal taxes for more than a year. Evidently people in Petersburg believe that the time has come to realize these plans.

[First Box] Basic Measures To Increase the Income of the Petersburg Budget: — provide better monitoring of the complete and timely payment of taxes and transfer to the budget of prepayment sums—R90 billion;

— provide additional revenue by transferring ownership to banks and commercial organizations of the space they lease—R48 billion;

— issue housing loan bonds—R36 billion;

— increase receipt of monetary capital from the sale of land parcels under privatized enterprises—R26 billion;

— expand the tax base by identifying economic subjects evading taxes—R21 billion;

— pay off taxpayers' debts to the Petersburg budget using in-kind coverage—R15 billion;

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— increase the land tax rate—R30 billion;

— regulate the system for granting tax benefits in terms of revenue for the city budget—R12 billion;

— introduce a licensing fee for gaming establishments—R1.6 billion.

[Second Box] Structure of the Moscow and Petersburg Budgets in 1994 (Percentages) Income Moscow Petersburg Tax on Profits 38.57 31.98 Income Tax 12.99 17.29 Property Tax 2.31 3.22 Land Tax 0.72 2.36

Reportage on Lt. Gen. Lebed's Visit to Sverdlovsk

Former 14th Army Commander Arrives

LD2607120595 Moscow Russian Television Network in Russian 1000 GMT 26 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] [Correspondent N. Zheltova] Lieutenant General Aleksandr Lebed, former commander of the 14th Army in the Dniester region, has arrived in Yekaterinburg. The out-of-favor army commander is in the middle Urals region for the first time. He comes as a public figure, trying to measure his tough military bearing with his civilian job as deputy chairman of the Congress of Russian Communities.

[Begin recording] [Lebed] My purpose just now is to visit Russia's more troubled areas, which determine its future, to assess the situation and to meet people, and to see from this situation if it is possible to take decisions at some time, perhaps the only correct decisions.

[Unidentified correspondent] In other words, if you came back into the Army, in what rank, under what title, and under what kind of government?

[Lebed] That is an extremely improper question. The government and the supreme commander kicked me out of the Army. Are you now asking me to declare a mutiny in Yekaterinburg? I may come back and I may not, time will tell. [end recording]

[Zheltova] From the airport, the retired general, accompanied by Cossacks, set off for Lapayevsk, the site of the murder of the imperial family. In Yekaterinburg he plans to meet officers of the reserve, representatives of the association of goods consumers, and trade-union leaders. [video shows Lebed surrounded by group at airport, giving interview, and shaking hands with people]

Urges Voters To 'Change System'

LD2607122595 Moscow ITAR-TASS in English 1205 GMT 26 Jul 95

[By Nadezhda Potapova]

[FBIS Transcribed Text] YEKATERINBURG July 26 (ITAR-TASS) — Aleksandr Lebed, Lieutenant General of the reserve, had a meeting with members of the Association of Commodity Producers here today. Speaking on behalf of the Congress of Russian Communities, of which he is one of the leaders, he urged them to take part in elections, by all means, to "change the system, because the replacement of individual parts does not resolve the problem."

This was the main idea, expressed by Lebed in many of his speeches in Yekaterinburg and the Sverdlovsk Region.

According to Lebed, the Congress of Russian Communities will be able to rally Russians as a "state-forming nation," while other nations will "stand shoulder to shoulder with them."

He did not say much about the electoral programme of the Congress, only mentioned that his members would support private property, "so that people will have something to defend," and would create favourable conditions for domestic commodity producers. General Lebed said he could not speak about the programme in more detail, because it would be approved only in mid-August. In his usual forward manner, Lebed accused Aleksandr Shokhin, one of the leaders of the "Russia Is Our Home" movement, of "picking all the good ideas from other opposition programmes on the instruction of Viktor Chernomyrdin."

U.S. Ambassador's Visit to Irkutsk Outlined

954F2893A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 22 Jul 95 p 2

[Report by Vladimir Mazurov: "To See Baykal...."]

[FBIS Translated Text] ...And to hold a number of business meetings on Irkutsk soil is the intention of Thomas Pickering, ambassador of the United States in Russia, who arrived in Irkutsk yesterday. The American diplomat's team includes the well-known environmentalist George Davis and Zane Smith from the ESD company and also THE NEW YORK TIMES correspondent Stephen Erlanger.

This is Mr. Pickering's second visit to Irkutsk Oblast. The main purpose of the present trip is to see what progress the 14 Russian-American joint projects on Baykal are making. Each of these projects is a component of the Program of Stable Land Use in the Baykal

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Region drawn up by G. Davis. It is a five-year program whose implementation began in 1992. Nine projects have now been launched in Irkutsk Oblast, and they are all designed to assist in a resolution of the environmental and social problems of the Baykal region. On the American side the projects are being funded by the U.S. Agency for International Development, and this money is being managed by the ESD company.

Yesterday T. Pickering met with Yu. Kustov, deputy chief of the oblast administration, and representatives of business circles of Irkutsk Oblast. Today the American diplomat's program includes talks with Mayor of Irkutsk B. Govorin and a meeting with F. Shmidt, dean of the Irkutsk State University and staff of the Russian-American Management Faculty. In the latter half of the day Mr. Pickering and his team will leave for Listvyanka. From there the American visitors will head on the motorship Zaysan for Bolshoye Goloustnoye and thence for Olkhon Island.

Novosibirsk Central Bank Head Interviewed

954F2875A Novosibirsk SOVETSKAYA SIBIR in Russian 21 Jul 95 p 2

[Interview with Yekaterina Zhabotinskaya, chief of the main department of the Russian Federation Central Bank for Novosibirsk Oblast, by V. Maltseva; place and date not given: "Yekaterina Zhabotinskaya: 'Work With New Depositors Is Prohibited for Many Banks'"]

[FBIS Translated Text] Readers of SOVETSKAYA SIBIR who have become victims of the unreliability of banks and financial companies are turning to the editorial office with questions: Could the Central Bank not protect them against the "unintentional disservices" of commercial banks? Is it possible that the Central Bank does not follow the activity of these institutions located on the territory of the oblast?

The editorial office directs these and other questions to Yekaterina Ivanovna Zhabotinskaya, chief of the Main Administration of the Russian Federation Central Bank for Novosibirsk Oblast:

[Zhabotinskaya] The Main Administration of the Central Bank monitors and regulates commercial banks, including their relations with depositors, in accordance with existing legislation. We analyze the monthly accounts of banks, issue and recall licenses for various types of activity, and conduct inspection checks. This is the initial mass of information for drawing conclusions about the financial condition of a bank.

[Maltseva] Let us suppose that you discovered violations and that on the whole the financial situation in a bank is unsatisfactory. What actions do you take?

[Zhabotinskaya] First—a written warning, later—fines. Of course, now their size is such—100,000 rubles [R]—that it might be more appropriate to talk about moral punishment. But fines will increase in the near future: from R6 to R60 million. After that the measures are temporary suspension (for a period of up to three months) of the right to perform individual banking operations: attraction of new deposits from people and legal entities, interbank credits, opening of accounts for new clients, restrictions on the issuance of new credits, limitations on operations with cash currency.

The main administration can petition the Central Bank on the appointment of a temporary office for the management of a commercial bank.

Negotiations are conducted before recalling a license—their objective is to find measures for financial improvement.

Unfortunately, it is necessary to state that measures of economic coercion are effective only with respect to prosperous banks.

[Maltseva] Do the regulatory rights you enumerated apply to the activity of branch banks from other cities?

[Zhabotinskaya] Yes. The only difference is that with respect to branches, the measures are applied through the main banks and the main administrations on whose territory the banks are situated.

[Maltseva] Are there examples of sanctions being employed?

[Zhabotinskaya] More than one would like. A temporary office has been set up in the Vostok Bank. Many banks are prohibited from working with new depositors and accepting deposits from those who have already opened accounts.

[Maltseva] Could you list these banks?

[Zhabotinskaya] Aurum, Belonfinbank, Garantbank, Zapsibtransbank, STbank, and Innovatsionnyy Commercial Bank, (not to be confused with the branch of the Moscow Inkombank), Novonikolayevskiy Bank, Siberian Development Bank, Sibstroybank, and Sibinvestbank. The same kinds of measures have been applied with respect to branches of Pada-Bank, the Russian-Asiatic Bank, Vostokinvestbank, Interregional Bank, and Russian Insurance Bank.

[Maltseva] What awaits the depositors of these banks?

[Zhabotinskaya] In the event of recall of the license to conduct banking operations, commercial banks are supposed to establish a liquidation commission in accordance with the requirements of the Civil Code of the

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Russian Federation and the Law of the Russian Federation "On Insolvency (Bankruptcy) of Enterprises." In the absence of private resources to satisfy the requirements of creditors, the court can declare the debtor bankrupt. Or the debtor accepts such a decision jointly with creditors. In such a case the creditors have the right to be selected for the staff of the liquidation commission and participate directly in the conduct of all measures in the liquidation of the bank. The members of the liquidation commission must be guided strictly by the legislative acts according to which the sequence of satisfying creditor demands are established.

[Maltseva] It is said that the banks can use the time from the moment of recall of a license to the creation of a liquidation commission to "withdraw" the remaining money from their balance sheet.

[Zhabotinskaya] There is a flaw here in the legislation. It is possible that it is used. But with the publication of the order for recall of a license, a mandatory condition is the cessation of operations for a correspondent account of a bank until the creation of a liquidation commission. But the most realistic source for the settlement of debts is the mandatory reserve fund. The Central Bank transfers resources from this fund from its own account to a liquidation commission account.

[Maltseva] How much resources must a bank reserve?

[Zhabotinskaya] A differentiated calculation of sums subject to being placed in the reserve is conducted depending on the terms under which commercial banks attract resources. Maximum interest is established for the attraction by a bank of resources for a period of up to 30 days and "to be called for"—on the order of 20 percent. The Central Bank provides fine sanctions in the event of a violation of this requirement—an increase up to 10 points in the percentage of deductions for the mandatory reserve fund. Until 1 May 1955 the sums in correspondent accounts in other banks were not considered, but it was exactly there that the largest sums of money were circulating. Now this defect in calculation has been eliminated. In my opinion this is a fair and competent measure of the Central Bank, which is also defending, in particular, the interests of the depositors. Indeed, banks will be guaranteed against failure to a great degree. After all, no one needs a catastrophe, though they alas are occurring more and more frequently. Last year 65 Russian banks were deprived of licenses. This year—41, and the affairs of another 100 banks are being examined on the subject of recall of licenses (data for 1 April).

To prevent a crisis of the banking system, it was decided to change the calculation of resources required for the purpose of increasing the mandatory reserve fund.

[Maltseva] Perhaps it was not necessary to create such a weak system, and then there would not have been a crisis?

[Zhabotinskaya] In any case, to strengthen it the sum of minimum authorized capital has been changed both in establishing a commercial bank as well as in acquiring a license for the right to operate with foreign currency. Now it is necessary to declare a fund of 1 million ECU—this is R6 billion. Obviously, for this reason there are no applications to establish new banks.

[Maltseva] The idea of merging banks in order to survive and settle debt obligations is being studied. What is your opinion on the outlook for such a merger?

[Zhabotinskaya] Actually, a number of banks are conducting consultations, but it makes no sense for a strong bank to merge with a weak one. If banks that are on the verge of bankruptcy merge, it will still be difficult to survive.

[Maltseva] But is it not possible to use reserve resources that are concentrated in the Central Bank to support these banks?

[Zhabotinskaya] The law does not provide for such use of these resources. They are reserve funds, and they are not invested even in the most tempting projects, not to mention risky ones.

[Maltseva] SOVETSKAYA SIBIR readers have addressed this question to the editorial office: How should they choose a bank, and how can they tell a weak one from a strong one?

[Zhabotinskaya] All banks publish statements of assets and liabilities. Of course, this happens once a year. A lot of things change in this time. Strong banks publish not only annual, but also quarterly statements of assets and liabilities. It is necessary to pay attention to the ratio of total attracted deposit resources and the bank's own resources. There should be more of their own resources. This year there is even a special order of the Central Bank to bring these balance sheet lines into conformity. Otherwise, problems will arise: A bank can be prohibited from working with private deposits.

I would sooner give methodical advice to depositors: "Do not put all your eggs in one basket." It is better to make several investments: part in a bank, part in securities, part in bonds, if there is not enough for serious acquisition, for example, in the real estate market.

[Maltseva] I think that depositors evaluated the Agroprombank as one of the reliable banks, and it turned out that this is not the case. What will happen with this bank?

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[Zhabotinskaya] I think that it should be continued. There is simply no alternative to its system of work with the agricultural enterprises of the oblast. Perhaps for such specific banks the conditions for their existence will also be changed.

[Maltseva] Is some kind of control over cash turnover possible? Or will it remain essentially "black."

[Zhabotinskaya] Such control should be implemented by commercial banks for their own clients. For this reason a special decree of the government dated 23 May 1994, No. 1006 "Concerning the Implementation of Complex Measures for the Timely and Full Submission of Taxes and Other Obligatory Payments to the Budget" was adopted.

[Maltseva] How do you assess its implementation?

[Zhabotinskaya] It is difficult to say and even more so to prove. Noncash turnover is curtailed because of excessive taxes. Production volumes are falling, credit commitments are being reduced, and the centralized resources of the oblast are not allocated—what can be expected in such a situation? Anyone who can, remains in the background. This is not a verdict of "not guilty," but a statement of fact.

[Maltseva] Novosibirsk Oblast is among the oblasts where last year there were no emissions. Could you comment on this fact for our readers?

[Zhabotinskaya] Novosibirsk Oblast started to withdraw money from circulation starting January 1994; moreover, only Novosibirsk is withdrawing money. All the rural rayons of the oblast are putting it into circulation as before.

In 1994 the city's banks removed more than R1 trillion from circulation.

A similar picture is also seen this year. For five months of 1995 the total of withdrawn money exceeded the 1994 level by 62 percent.

Various factors contributed to the fact that Novosibirsk was among the cities that removed money from circulation. First of all Novosibirsk, actively using market relations under conditions of a favorable geographic position, actually became the center of interterritorial interstate relations.

In the West Siberian region Novosibirsk plays a leading role in wholesale and retail trade. Financial and currency markets are actively developing in the city.

The level of per capita income is corroboration of the reasons for the withdrawal of money from circulation. Of the eight oblasts of the West Siberian region, Novosibirsk Oblast occupies next to last place in level of income. The average for April 1995 (according to data of the oblast statistics administration) is R382,600, and in Kemerovo Oblast, for example, it is R633,000.

In addition, all oblasts are conducting a substantial emission of money, but Novosibirsk is working with withdrawal. This indicates that the population of the other oblasts realizes a substantial part of its own incomes in Novosibirsk.

[Maltseva] Commercial banks are announcing their readiness to invest in large projects under state guarantees. Are there projects of this kind of cooperation?

[Zhabotinskaya] Unfortunately, it is necessary to state that announcements by commercial banks of their readiness to carry out investments in some projects remain merely on paper. The share of long-term investments of commercial banks amounts only to 3 percent of the total sum of credit investments.

In placing the main part of long-term credits, commercial banks play the role of middlemen between enterprises of various sectors of the economy and budgets at all levels. They do not endeavor to use their own resources for long-term investments in the economy, and the terms for placing attracted resources depend mainly on the terms of their attraction which, as a rule, amount to one to three months. The role of banks in financing investments and the development of production remains barely noticeable.

Not unimportant significance on this question is assigned to the development of programs at a local and regional level, whose implementation is a priority for the economy of the region. For the implementation of these programs it is necessary to combine the resources and interests of the commercial banks. But in order to create interest among the banks in extending credit in one or another direction, especially in a long-range plan, it is necessary to provide a system of guarantees on the part of local organs of authority. These guarantees can be real estate: land and land tenure, and also other types of guarantees.

[Maltseva] How does the geopolitical position of Novosibirsk affect its financial status? Money "flows through" us, is concentrated, and is moved out?

[Zhabotinskaya] As a consequence of the openness of the economic region it is impossible to ascertain the exact magnitude of the money supply in Novosibirsk Oblast and, in particular, it is practically impossible to calculate one of its components—cash. However, according to the quantity of money withdrawn from circulation, it is possible to talk with a sufficient degree of confidence about an increase in cash in circulation in Novosibirsk Oblast. The reasons for such a situation

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were discussed above. As for the noncash component of the money supply, here a deceleration is noted in the rates of increase. The volume of the noncash money supply for 1 April 1995 increased by 12 percent compared with 1 January 1995. For comparison: In the comparable period of last year the noncash component of the money supply grew by 43 percent, and in the fourth quarter of 1994—by 25 percent.

The actions of the following factors had an effect on lowering the rates of growth of the noncash money supply:

— reduction in the volume of industrial production, which led to a decrease in demand for noncash money as a means of circulation (according to data of the oblast statistical office, the volume of production of industrial products in actual prices of the first quarter of 1995 was equal to R2 trillion, or 91 percent of the volume of products produced in September-December 1994).

— diversion of resources for the purchase of state debt obligations: Investments in these securities on 1 April 1995 amounted to more than R74 billion and increased by a factor of more than two in comparison with 1 January 1995.

— exacerbation of the problem of nonpayments also contributes to the creation of conditions in which the suppliers of products do not have guarantees for their timely payment with the use of noncash accounts.

It should be noted that the volume of centralized resources directed to the economy of the oblast this year has been reduced substantially. In 1994 indebtedness for credit refinancing fell by R4.4 billion, or by 4 percent.

The cited examples indicate that two processes are occurring at the same time: a flow of cash money resources into Novosibirsk Oblast and a relatively slow increase in the noncash money supply. It is most likely that this is a tendency of a shift in the money supply, and accordingly also of resources, to other regions of Russia.

Economic Issues

Grain Harvest Reportedly 'Patchy' Due to Drought

MM2707103095 Moscow SELSKAYA ZHIZN in Russian 27 Jul 95 p 3

[ITAR-TASS report: "A Mixed Picture"]

[FBIS Translated Text] Around 80 million tonnes of grain will be gathered in Russia this year, Ministry of Agriculture and Food specialists told an ITAR-TASS correspondent.

They said that the harvest of grain crops would be "patchy," because of weather conditions and a shortage of mineral fertilizers. In a whole range of regions, drought has had a substantial influence on the state of the crops, and machine operators are currently threshing not more than five to seven quintals per hectare. All the same, throughout the country as a whole, grain will be gathered in sufficient quantities to supply both food and forage requirements. Only a small proportion of the grain will be purchased by commercial structures abroad for the food needs of Maritime Kray. The delivery of homegrown grain to there from the European part of the country would cost more than purchasing the grain abroad.

Fallout From Writing Off Farmers' Debts Examined

MM2607131295 Moscow IZVESTIYA in Russian 25 Jul 95 p 2

[Report by Ivan Zhagel: "Having Forgiven the Countryside Its Debts, the State Has Raided Someone Else's Pocket"]

[FBIS Translated Text] The Russian Federation Comptroller's Office has until 25 July to present to the Federation Council its ideas about how to escape from the difficult situation that arose following the State Duma's adoption of the law on writing off agricultural producers' debts. Specialists from the Central Bank and Finance Ministry are racking their brains at the moment, but no one has come up with anything sensible yet.

I would remind you that we are dealing with a law adopted by the Duma, whereby the debts of agro-industrial complex and consumer cooperative organizations on credits issued to them and on accumulated interest are simply written off. This simple operation was performed repeatedly in communist times and it meant transferring money from one state pocket to another. Today it is the accursed market laws that stand in the way of agriculture's patrons.

Debts can be written off, but how do you plug the resultant hole in the bank balance? Particularly as you are writing off not only centralized credits, but also money that was given out by actual commercial banks. In the end it was decided that the Finance Ministry would cover banks' losses with its own bills with a term of up to 10 years.

Of course, the issuing of bills means an increase in the state's internal; debt and this is in itself very bad. But what is even worse is the fact that instead of money the banks will receive securities, which, even the Finance Ministry specialists admit, are of low liquidity. It is easy to see from this that by saving the countryside our authorities could easily kill off several hundred banks — a crazy situation.

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Both Finance Ministry and Central Bank are well aware of this. It is no accident that the Central Bank has decided to discount the bills, in other words, buy them for itself, and provide the commercial banks with actual money. But where does the Central Bank itself get the money? Print it? But the amount of money to be issued is severely restricted by agreements both with the government and with international financial organizations, and it would cause a scandal if the printing machine were to be started up.

The most sensible thing would be to pay off the debts from the budget. But, as you will appreciate, the budget does not include the relevant items. So if the law adopted by the State Duma is in fact implemented it will only be by inflating the money supply or hitting the commercial banks' interests.

The situation is so easy to read that it is strange the Duma experts failed to do so when preparing the law for examination. But even more surprising in this situation in the Central Bank's position. Neither previously nor now has it come to the defense of the commercial banks in the writing off of farmers' debts. Maybe the Central Bank leadership does not want to fall out with the government and with the deputies, but it is this position that results in, for example, Tatyana Paramonova's not being approved, for the second time, as Central Bank chairman, and in the Central Bank's being constantly criticized by banking circles.

Fuel, Energy Minister Reports on Oil, Winter Fuel

MM2707084695 Moscow TRUD in Russian 26 Jul 95 p 2

[Report by Viktor Khatuntsev: "Filling the Budget With Currency"]

[FBIS Translated Text] During the first half-year, 2.8 percent less oil was extracted than during the same period last year. Nevertheless, the budget has already received as much currency revenue from exports of energy sources as it did during the whole of 1994. Yu. Shafranik, Russian minister of fuel and energy, reported this at a news conference.

True, the profits on sales of raw materials hardly suffice to pay the extraction workers' wages and to patch holes, whereas the strategy must be based on long-term investments. For this, in the minister's opinion, it is necessary to amend the tax policy in respect of the fuel and energy complex and, in particular, to lower oil excise duties and export duties. Given the existing system of "extorting" funds, matters are approaching a point where it becomes unprofitable to extract 42 percent of the reserves of "black gold," and, whereas it is world practice to use a well designed for even one tonne, we do not find it profitable to set about exploiting a well with a reserve of even 10 tonnes. The lowering of excise duties would open slightly the door for a stream of investments, particularly as the state will be no worse off in this case: The volume of tax receipts will be maintained by increasing extraction, and related sectors, primarily machine building, will be revived as a result of orders from the oil industry.

Shafranik voiced special concern at the preparations for winter. Local authorities are nearly always in no hurry to bring in fuel, municipal reserves of which have fallen to critical levels. Of course, everyone has difficulties over funding, but do we really have to wait for the first cold weather and the first extraordinary occurrences before we ask the whole country for emergency aid? There is plenty to lay in store, after all: Approximately 7 million tonnes of first-class coal is stockpiled in the Kuzbass alone, but it is not being dispatched. According to all the forecasts, next winter will be tougher than in previous years.

Problems in Implementing 1995 State Budget Viewed

MK2707091095 Moscow SEGODNYA in Russian 26 Jul 95 p 2

[Report by Aleksandr Bekker: "Experts Doubt Whether 1995 Budget Can Be Strictly Observed"]

[FBIS Translated Text] The question whether the 1995 budget can be strictly observed remains open. This was said yesterday at a press conference by Mikhail Dmitriyev, deputy director of the Institute for Economic Analysis. In his opinion, the third quarter of the year will be the decisive one. Budget implementation over the first six months seems to arouse no misgivings. Over a four-month period, revenues amounted to 12 percent of GDP; that is, 1.5 times higher than the same period last year. Expenditures were lower by 2 percent of GDP, which resulted in an "unprecedentedly low federal budget deficit — 3 percent of GDP." Over the six months it has risen to 4 percent of GDP, but remains lower than the level projected by the government itself — 5 percent of GDP. Mr. Dmitriyev noted progress in collecting value-added tax, which rose by 20 percent of GDP and a "simply fantastic upsurge in revenues from foreign economic activity," primarily from centralized exports, which have grown by a third.

As regards long-term prospects, however, in his view, the situation does not seem to be so trouble-free. The institute has compared the key budget figures in four months of 1993-1994 with those in the third quarters of the same years. An important consistency was found: Revenues in July-September rose by 2 percent of GDP,

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but expenditures jumped as high as 7 percent of GDP. The subsidizing of local budgets rose most of all — by 3.5 percent of GDP. However, as Mr. Dmitriyev said, "it is a complete mystery how the subsidies were used in the provinces," since these "dubious expenditures are not broken down in the budget." In any event, if this trend, which is linked with Russia's political and seasonal realities, persists, in the third quarter of 1995 federal budget revenues will be 15 percent of GDP, whereas expenditures will rise from 16 to 23 percent of GDP. As a result, the budget deficit will reach 7.5-8 percent of GDP, or up to 30 trillion rubles.

What should the government do about this potential deficit? The amount that was covered by state short-term bonds over the four-month period did not exceed 1.6 percent of GDP on average. Financing through short-term bonds was approximately 1 percent of GDP. Using these "mobile," as Mr. Dmitriyev said, noninflationary sources of covering the deficit, "the government could maneuver in order to meet its increased obligations." The room for maneuver, however, is rather limited. To cover the deficit that has grown by 3.5 percent of GDP, revenues from state short-term bonds need to be raised by a factor of 3.5 during the quarter. In the economist's opinion, this task "cannot be fulfilled, either technically or macroeconomically."

As for short-term bonds, judging from information leaks, the Finance Ministry has decided to place its bets on them and increase the number issued. Moreover, this will be done in defiance of an agreement with the International Monetary Fund, which regards short-term bonds as a nonmarket instrument which accelerates money circulation and thus boosts inflation. Even doubling the issue of short-term bonds, however, will fail to completely correct the situation regarding the third quarter budget. External loans — which, moreover, are a constant — are of equally little help.

Thus, in Mr. Dmitriyev's opinion, it will be impossible to completely cover the gap of 3.5 percent of GDP using noninflationary sources. The government therefore has two options: The first is to resort to "resolute sequestration of budgetary expenditures, postponing them to the fourth quarter." The second is overt or covert inflationary financing of the deficit. "In the third quarter the government has run across the most serious problem of the present financial stabilization, and time will tell whether it will be able to cope with it," said the deputy director of the Institute for Economic Analysis.

Recent Inflation Figures Lowest This Year

MM2607143195 Moscow ROSSIYSKAYA GAZETA in Russian 26 Jul 95 p 2

[Unattributed report "based on data from the Russian Federation Government Center for the Economic Situation's Price Analysis and Forecasting Administration:" "Heat Wave: Inflation Pauses for Breath. The Week's Prices"]

[FBIS Translated Text] The level of inflation in the week 10-17 July was the lowest this year and totaled 1.1 percent. Food products went up 1 percent, nonfood goods 1.2 percent, and paid services to the population 1.4 percent.

There Is Something To Eat — and That's Good

Against the background of an insignificant rise in the prices of food products in general, prices rose most markedly for flour and sugar (3.6-4.2 percent) and bread, and also children's canned fruit products (by approximately 2.3 percent). Potatoes went up markedly — by 5.9 percent. But there was virtually no change in the price of butter and margarine, milk, and cheese. The start of the large-scale ripening of vegetables led, as usual, to a seasonal fall in prices.

The average cost of the basket of 19 most important food items on 17 July was 209,000 rubles [R] a month, an increase of 2.1 percent (or R4,235) over the week, 6.5 percent since the beginning of the month, and 90 percent since the beginning of the year.

In the European part of Russia in the list of cities Moscow is still in the lead regarding the cost of the basket, while Ulyanovsk brings up the rear.

Among economic regions, the biggest increase in the cost of the basket was recorded in the Volga-Vyatka and Volga regions — 4.3 and 3.3 percent respectively. In the past week the average cost of the basket in cities in these regions was R188,000 and R183,000 (a week ago it was R180,000 and R177,000) respectively. The smallest increase in the price of the basket was for the inhabitants of North Kazakhstan and West Siberia regions.

In some cities the cost of the basket soared. In Orenburg, for instance, it went up 19 percent, and its cost is now R215,000 (a week ago it was R181,000). Here vegetables went up more than 40 percent in a week, groats and bread 15-24 percent, vegetable oil, butter, and sugar 7-10 percent, and sour cream and beef 5 percent.

Yet in Moscow the cost of the basket of 19 most important food items went up only 0.9 percent in the week, and is now equal to R268,000. In St. Petersburg

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the cost went up 2.8 percent and is now equal to R220,000. Among the centers of republics, krays, and oblasts within the Russian Federation, Moscow is still in 11th place, while St. Petersburg has moved from 23d to 21st place.

Smoking Can Damage Your Pocketbook

The biggest increase in the past week was in the price of cigarettes — 2.2 percent. In one city in three, this increase was more than 10 percent. In Derbent, for instance, Russian cigarettes [papirosy] went up 40 percent on average (you now have to pay R700 for a pack), in Krasnodar they went up one-third (R350), while the price of Russian cigarettes without a filter also went up one-third in Petropavlovsk-Kamchatskiy (R800) and one-fourth in Khabarovsk (R1,015).

Apart from tobacco, there were marked price increases for bicycles — 2.4 percent; gasoline — 2.1 percent; and construction materials and fuel — 1.7 percent. Gasoline, coal, and timber prices shot up most significantly in the West Siberia region, where in Omsk, Ust-Ishin, Tara, and Kalachinsk the price of coal and timber almost doubled. Meanwhile in Biysk, Novokuznetsk, Prokopyevsk, and Tobolsk gasoline prices rose between 7 and 27 percent.

Square Percentages

The increase in the cost of paid services to the population over the week was 1.4 percent (6.4 percent since the beginning of the month).

Air tickets continue to go up (3.3 percent in the week, 9.1 percent since the beginning of the month). The range is significant — the increase varies from 5 percent in Blagoveshchensk (an air ticket now costs R183,000 for a flight of 1,000 km) to 60 percent in Novgorod (R250,000). As before, housing and municipal services are going up significantly (2.3 percent in the week, 11.1 percent since the beginning of the month). However, for inhabitants of certain cities this increase was much more marked, and payments for an apartment, water supply and sewerage, heating, and hot water has gone up by a factor of 1.5-3.6. For instance, in many cities in Bashkortostan (Ufa, Ishimbay, Neftekamsk, Sibay, Sterlitamak) rents have doubled, and the inhabitants of these cities are having to pay R200 instead of R100 for one square meter of total area.

Draft Law on Taxing Small Businesses Criticized

MM2707094895 Moscow SOVETSKAYA ROSSIYA in Russian 22 Jul 95 p 3

[Article by Doctor of Economic Sciences V. Fedorov, vice president of the Russian Union of Industrialists and Entrepreneurs, RUIE; and Candidate of Economic Sciences V. Shirshov, adviser to the RUIE: "Modern-Day Levsha [master craftsman in Leskov's book] and New Town Governors. Instead of Draft Law Review"]

[FBIS Translated Text] The Finance Ministry and the State Tax Service have jointly prepared a draft law on a simplified system of taxation and accounting for small businesses. The intention here was to maximally reduce the number of compulsory payments made by, and the amount of accounting done by, small business enterprises (employing up to 15 workers).

But the draft law elaborators' bureaucratic urge and fiscal pathology distorted the initial sensible concept, which was suggested to the authorities by the public, including the Russian Union of Industrialists and Entrepreneurs [RUIE]. First they made a "discovery" in the field of economic theory. According to the draft, depreciation deductions must be an element of taxation because they are included in a small enterprise's gross income. The solution is truly Solomonic: Since many enterprises have now been forced because of nonpayments to pay workers' wages out of depreciation deductions, let us legalize this erosion of fixed capital. This approach will undoubtedly hit investment. The thin trickle of it will completely dry up when up to 30 percent of amortization is removed to the state treasury. Further on, the draft law prescribes that a single tax on a small enterprise's income be distributed among federal, regional, and local budgets. But an analogy with the existing procedure for taxing large and medium-sized enterprises is irrelevant here.

In our opinion a single tax on the income of small businesses must be paid in its entirety into the appropriate local budget. As a rule small enterprises serve the needs of a given locality, especially in the production of consumer goods, the carrying out of repair and construction work, and the provision of paid consumer services. Under the approach recommended by us, local authorities receive additional incentives to promote the development of small businesses on their own territories, including by the use of financial privileges within the limits of the tax receipts paid into their budgets. Even the smallest enterprises will be in an advantageous position because all questions regarding their activity, including those associated with taxation, will be dealt with at one state level.

The draft law's provision introducing for small enterprises an annual payment for the tax service's granting of permission (patent) entitling them to use a simplified system of taxation and accounting is the height of fiscal absurdity. This intention is akin to the action of Mr. Vasilisk Semenovich Borodavkin, leader of the city

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of Glupov [Stupidville], who chopped down 33 trees in order to levy arrears of two rubles 50 kopecks from the inhabitants. Actually, the tax service ought to pay extra to a small enterprise for reducing its work auditing tax accounts and account books.

Generally the fanciful notion of the aforementioned patent required Finance Ministry and State Tax Service specialists, again for fiscal reasons, to guarantee current payments to the budget irrespective of the financial results of economic management. Whether or not a small enterprise has any profit it has to pay for the patent.

The annual issue of a patent to use a simplified system of taxation and accounting will become yet another cause of bribes and extortion by local officials. Therefore the actual law must prescribe for small enterprises a registration procedure for using a single income tax and reduced accounting.

It is a big mistake to include in the draft law a novation, which gives regional authorities the right to prescribe for small enterprises a maximum level of the total value of balance-sheet property and, if this limit is exceeded, to levy an additional tax on this property at rates stipulated by existing legislation. It is hard to work out on what scientific methodological basis the authorities will determine the property value (balance-sheet assets) limit for specific enterprises or groups of them and, in particular, how it is applied in inflationary conditions. Wide scope for bureaucratic arbitrary action and for the intensification of corruption in the state system's middle echelons opens up here.

The draft law's provision on a small enterprise's obligation to submit the expenditure and income account book, cash book, and payment orders regarding current tax transfers to the tax organ for the calculation of the due amount of tax to be checked is a recipe for tax control chaos. Such demands are impermissible because they are usually made only by a ruling of the judicial or investigative organs. Moreover, handing over the said primary forms of bookkeeping to the tax organ is unacceptable in the practical respect. There is a single copy of these account books and they are needed in current, everyday work at an enterprise. Consequently all tax accounting audits must be made by tax services' representatives on site at organizations. The payment of tax must not be a procedure that is humiliating for small businesses (repeated trips to the tax organ, waiting several hours to be received by a senior inspector, the confiscation of bookkeeping documents for an indeterminate period, and such like).

The draft law does not take account of the peculiarities of small businesses' activity which are associated with the type of economic management, the length of turnover of resources, and the sources making up earnings from the sale of output. It is assumed that these questions will be reflected in the State Tax Service's instruction on applying the law on a simplified system of taxation and accounting for small businesses. But experience shows that when such instructions are issued the content of the law itself is emasculated to a considerable extent.

First of all, ill-considered taxation and complicated accounting for small enterprises engaged in innovation application activity should be eliminated. As a rule between five and eight people are employed at them (on average during a year).

Scientific production projects are carried out for between three to four months and one and a half to two years; it is with this periodicity that the financial results of innovation activity take shape. There is not much property here: Equipment is leased, basic work is carried out by other enterprises under economic contracts. The customers for new technology pay for research from limited budget resources and sector funds. For this reason the profitability of small innovation application enterprises is lower than that for industry as a whole.

Small businesses in the innovation sphere are currently paying over 15 taxes and charges. They are dominated by payments which have little connection with real scientific application activity (value added tax, special financial stabilization tax, property tax, road fund deductions, transport tax, charges for local administrations' needs, and others). These taxes are taken into account when economic production outlays are calculated, and consequently entail an increase (of 30-40 percent) in the contract price for an invention developed and applied or a reduction in income from selling it. Small innovation organizations along with large-scale enterprises are obliged to fill in 20-25 tables containing up to 600 indicators for quarterly accounting returns. When annual returns are being compiled three to five times more tables have to be worked out. Ultimately these additional unproductive costs make the work of a small scientific application enterprise extremely unprofitable and at times simply ruinous.

We suggest that, for small enterprise structures carrying out innovation activity, a single tax be set at no more than 20 percent of gross earnings from the sale of scientific and technical output.

The legend of Tula's Levsha indicates that he managed to shoe an English flea. But the trouble is that after that it stopped dancing.... There is the fear that many of them will cease to operate if the draft law on simplified

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taxation and accounting for small enterprises prepared by central financial and tax departments is adopted.

It is surprising that this draft law obtained the approval of such regional innovators as B.Ye. Nemtsov and N.I. Travkin, who, strange as it may seem, have become like the aforementioned Stupidville town governor.

U.S. Grants Announced for Russian Projects

MM2607144595 Moscow IZVESTIYA in Russian 26 Jul 95 p 2

[Report by Vladimir Nadein: "Flood of U.S. Grants in Russian Economy"]

[FBIS Translated Text] Washington — The U.S. Trade and Development Agency [TDA] has announced the allocation of $2.05 million in grants to strengthen economic ties between Russia and the United States. These grants will provide the material basis for the expert analysis of six leading projects connected with the conversion of the defense industry and the development of the power industry and aviation as well as important elements of the production infrastructure.

The figure of a little over $2 million seems fairly modest but it is important to understand here how these grants operate and what they will be spent on. The Americans like to cite the example of the Kirov Plant in St. Petersburg. Its main output used to be tanks, for which demand has fallen. The question is: What can production be switched to with maximum benefit? How can the transition to new output be accomplished and how long will it take? What will demand for the new output be? When will the cost of the capital investments be recouped? What can the U.S. investors expect to get if they set up a joint venture with the Kirov Plant? What is the extent of the risk and what are the difficulties of the project?

All these questions could have been answered by the Russian architects of the project. But they still lack international prestige and the U.S. firms will hardly be able to overcome their own doubts, which Russian reality inspires in abundance.

But it is a different matter if all the preliminary studies are carried out by respected U.S. firms which operate according to U.S. methods and value their reputation in the U.S. market. The TDA's grants are intended for them. Using the money allocated by the TDA the Americans evaluated the Kirov Plant's potential for the production of gas turbines and presented conclusions which seemed quite convincing to General Motors. Thus partners were found and the joint venture began work.

The latest grants, announced by agency director Joseph Grandmaison, are also intended for respectable procurement purposes — the procurement of economic partners. In the first stage, the All-Russian Federal Nuclear Center in close cooperation with the MC Power Corporation in Berbridzh [name as transliterated], Illinois, will evaluate the joint production of cast lithium batteries intended for the Russian market. It is presumed that nuclear personnel from the former "closed city" of Arzamas-16 will take direct part in all stages of the work. The lithium, which is so important for this production, can be used [ispolzovan] during the dismantling of the very same weapons that used to be devised at Arzamas-16. Lithium batteries are storage cells. The electricity which they release is the result of electrochemical processes.

As TDA Director Grandmaison said, such batteries are ideal in Russian conditions because they represent an alternative form of energy to that derived from generators. Villages where electricity consumption is quite modest and the cost of constructing electricity generating stations is too high will be the main consumers of the new output. The "Gazprom" company and Russian oil firms have also shown interest in these products which can generate electricity for systems control and pipeline telemetry.

There are other grants for studying energy efficiency at the mining enrichment combine in the city of Kostomuksha. Research is being conducted by the Philadelphia firm Energy Performance Services which has been allocated $220,000 for this purpose.

Gal [name as transliterated] Electronics Division, a subsidiary of the Parker Khanifin [name as transliterated] corporation from Smithtown, New York, will get $125,000.

Samson International, a firm from Tulsa, Oklahoma, is carrying out research into the development of oil fields in Udmurtia. It will get a grant of $450,000 for this.

A grant of $200,000 has been allocated for studying problems connected with the construction of a rice production plant in the Russian Far East. The grant has been given to Tabs [name as transliterated] Rice Dryers in Louisiana.

A grant of $210,000 will go to Gilbert/Components [punctuation as published], a firm from Reading, Pennsylvania. It is going to study questions connected with energy and steam replacement, which will have to be examined when the Tomsk-7 plutonium reactor is closed down.

Although the agency is not a commercial structure and is giving the U.S. taxpayers' money away free of charge, it makes no secret of the fact that its main aim is to create new jobs for Americans. This aim will be achieved as early as the first stage of the project because the money

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is going mainly to U.S. firms. Russians will get only that portion allocated to "local hires."

However, stage two is the most important. If the preliminary feasibility study is satisfactory the Americans will be able to obtain credits from commercial banks for the establishment of joint ventures and exports to Russia — which means more jobs.

In all the TDA has allocated around $50 million for such research in Russia. Some 120 Russian-U.S. joint ventures have resulted from that outlay. Even though the final decision on the expediency of participation in this cooperation was taken by commercial firms, the money allocated by the TDA has focused attention on the energy industry, clarifying and illuminating Russia's as yet vague potential here.

The TDA receives money from the U.S. International Development Cooperation Agency on the recommendation of the State Department or more specifically the State Department adviser for cooperation with the new independent states. The main task of the International Development Cooperation Agency is to help U.S. business to gain a foothold in new markets which cannot be penetrated by other means.

Meeting Held To Develop 1996-99 Investment Program

MK2707113295 Moscow DELOVOY MIR in Russian 27 Jul 95 p 1

[Unattributed report: "The Financiers' Guild Is Working on an Investment Program"]

[FBIS Translated Text] A working meeting of the Financiers' Guild was held at the Finance Ministry to discuss the "Main Principles of a Concept of State Investment Policy in 1996-99," which was prepared by this organization's experts.

Both interested sides were invited to participate in the meeting, including on the one hand potential investors, personified by top managers of the largest Moscow banks (Aviabank, Vneshtorgbank, Vozrozhdeniye, Inkombank, Most-Bank, Sberbank, etc. — about 50 in all) and representatives of investment companies (Alfa-Kapital, the League of Assistance to Investment Funds, the First Check Investment Fund, Rossiyskiy Kredit-Invest, etc.), and on the other hand ministers or their deputies from sectoral ministries (the Communications Ministry, the Atomic Energy Ministry, the Railways Ministry, the State Defense Industry Committee, and others).

The Financiers' Guild intends to take an active part in the development of a state program of investment activities in 1996, and the "Main Principles..." in fact provide a very general concept of promoting investments in production facilities, which is still far from finalized. Over the next week the guild members can submit their proposals, which will be then examined jointly with the Economy Ministry and later with 16 other ministries. After that, jointly with the Economy Ministry, the final draft program will be drawn up for submission to the government. In all probability, attention will be focused on proposals for tax and other incentives for private investment activity, stricter controls over the use of loans by enterprises, etc. It was pointed out that the state will remain the main investor, since private capital will hardly be able to accommodate the bulk of investments in the next five years.

New Currency Service Leader Appointed

MM2607134595 Moscow ROSSIYSKIYE VESTI in Russian 26 Jul 95 p 1

[Unattributed report: "Chief Currency Controller Appointed"]

[FBIS Translated Text] Last Monday First Vice Premier Oleg Soskovets presented employees of the Russian Federal Service for currency and export control with its new leader, Oleg Pavlov, who previously worked as leader of Vice Premier Oleg Davydov's secretariat. As we know, the former leader of the service, Viktor Krunya, was relieved of his post after the events of "Black Tuesday."

Gold Reserves Reported at 278 Tonnes on 1 Jul

MM2707101295 Moscow IZVESTIYA in Russian 27 Jul 95 p 1

[INTERFAX report: "Russia's Gold Reserve Constitutes 278 Tonnes"]

[FBIS Translated Text] The gold reserve of Russia, the main gold miner in the former USSR, stood at 278 tonnes as of 1 July, which is 50 tonnes less than the figure for the same period last year, Yevgeniy Bychkov, chairman of the Russian Federation Committee for Precious Metals and Precious Stones, told INTERFAX.

Kazan a 'Trailblazer' for Reentry Into Iraq Market

MK2707102695 Moscow KOMMERSANT-DAILY in Russian 27 Jul 95 p 2

[Report by Galina Pechilina: "Foreign Economic Policy of Russian Regions. Kazan Ready To Extend Credit to Baghdad"]

[FBIS Translated Excerpt] Tatarstan firmly intends to expand bilateral ties with Iraq. The June protocol on the principles of the republic's trade, economic, and

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cultural relations with Iraq has already been translated into an agreement between the Ministry of Industry and the Ministry of Minerals of the Republic of Iraq and Tatarstan's Ministry of Foreign Economic Relations. This document was signed in Kazan last weekend. The vigorous consultations between Tatarstan and Iraq indicate Kazan's intentions to conclude a series of preliminary agreements with that Near East country even before the UN economic sanctions against Baghdad have been lifted, thus securing for itself a chance to make it into the Iraqi market as soon as the embargo is at an end.

The agreement between Kazan and Baghdad provides for the readiness of the "KamAZ" Joint-Stock Company to ship to Iraq 20,000 trucks, 4,000 bus chassis and spares, as well as post-sale servicing and to set up a center to train Iraqi specialists. KamAZ has also approved a proposal on arranging the assembly of [KamAZ] trucks in Iraq. All these intentions were formalized in a special protocol in Naberezhnyye Chelny.

A meeting in Almetyevsk reached an understanding on sending Iraqi specialists to the "Tatneft" Joint-Stock Company to draw up proposals on cooperation in drilling, the repair of wells, design and construction, and on setting up a joint venture to develop an oil field in Iraq. "Tatneft" intends to unveil its capabilities on Iraqi soil in November. This understanding was also included in the agreement. [passages omitted]

Tatarstan Vice Premier Ravil Muratov has told KOMMERSANT-DAILY that a series of contracts indicated in the agreement are up for signing as early as August. Naturally, most of them could only be implemented after the lifting of the embargo. According to Muratov, all financial questions, including a plan for granting government guarantees, are supposed to be resolved during the first part of August. Baghdad will be paying for shipments in oil which Kazan will most likely be re-exporting to countries in Eastern Europe. During the first phase of the cooperation, while Iraq is still in a difficult position, the government of Tatarstan thinks it possible to agree to a credit against goods. This decision is no act of charity; it results from the republic's serious interests in Iraq's market. Mr. Muratov stressed that Iraq attaches special importance to expanding relations with Tatarstan. This is signaled by the fact that implementation of the agreement is under the personal control of Saddam Husayn.

The agreement can be assessed from various angles. It essentially indicates Kazan's readiness to extend to Baghdad a credit against goods. Despite its considerable scale, the proposed cooperation does not contravene the [draft] law "On State Regulation of Foreign Trade Activity" (sent for a second time to the president of Russia for signature), which draws a line between the foreign economic powers of the Russian Federation and those of its components. Tatarstan, together with Yakutia, is customarily among the regions that are actively upholding their rights, including foreign economic rights.

One more option is also possible. Kazan is acting as the shadow of Moscow, which has always gravitated toward resuming trade and economic relations with Baghdad. Moscow's objective is to see Iraq start repaying its debts. As for Kazan, it is acting as a trailblazer, something Moscow cannot afford to do itself, fearing an uproar.

Central Bank Blamed for Stabilization 'Fiasco'

MK2607125895 Moscow SEGODNYA in Russian 26 Jul 95 p 2

[Report by Aleksandr Bekker: "Mr. Illarionov Asserts That Financial Stabilization Has Been Wrecked and Holds Central Bank Responsible for Failure"]

[FBIS Translated Text] Andrey Illarionov, director of the Institute for Economic Analysis (IEA), has discovered that the government has indirectly admitted its fiasco over financial stabilization. First, there is "less gusto in the speeches" of cabinet members heralding the approach of stabilization. Second, there was an absence of comment on the government's 13 July session, when the effectiveness of the anti-inflationary measures was on the agenda. Third, the premier's 19 July speech in the State Duma was "cautious in assessing the current economic situation." Although there are five more months left before the end of the year, Mr. Illarionov thinks that the efforts already made by the government and the Central Bank "predetermine the nature of macroeconomic trends" along with the failure of financial stabilization.

To support his assertion, the IEA director compared the figures in the monetary program coordinated with the IMF by the government and the Central Bank with the actual figures for the first six months of the year. The increase in net internal assets, net credit to the expanded government, and the deficit to the expanded government [passage as published] have not reached the set ceilings, which, in Mr. Illarionov's view, testifies to the fact that perhaps for the first time, "the government is pursuing a tougher policy than had been suggested by the IMF." The Central Bank, unlike the government, has pursued a soft monetary policy, which is what really "disrupted financial stabilization in 1995."

In 1993-1994, it became possible to sharply reduce the growth in the bank's assets used to provide credits to the ruble zone states and commercial banks. The

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last major source of Russian inflation — credits to the government to cover the budget deficit — was virtually eliminated this year. After that, Mr. Illarionov said, the Central Bank embarked on "an artificial devaluation of the ruble and a buildup of hard currency reserves." As a result, the Central Bank's purchases in the first five months amounted to $4.7 billion (9 percent of GDP). At the same time, the ruble interventions exceeded 20 trillion. The IEA director is convinced that this policy "complied neither with the government's plans nor with the monetary program coordinated with the IMF."

A high growth rate of the money supply became the quintessence of the Central Bank's activity: On the average, the growth rate reached 10 percent throughout the first five months, double the figure for the previous five-month period. This acted as a spur to inflation. Under the government's monetary program, inflation should have dropped to 1.5 percent in July and remained at that level until the end of the year. Mr. Illarionov thinks, however, that inflation will likely drop to 5 percent in July, 4 percent in August, "and then start rising smoothly to 8-10 percent by December 1995, just in time for the parliamentary elections."

As the IEA director remarked sarcastically, "the Central Bank is left with considerable hard currency reserves, while the government is left with the firm conviction that it has allies sitting in the Central Bank who desire financial stabilization no less than it does itself." However, it is the population that will turn out to be the scapegoat, as usual, and "will reap the fruits of inflation hitting 8-10 percent," Mr. Illarionov summed up.

Analysis Group Views Economic Development

MM2607155395 Moscow IZVESTIYA (Financial Section) in Russian 25 Jul 95 p 4

[Article by a "group of specialists, headed by Andrey Belousov, from the Russian Academy of Sciences National Economic Forecasting Institute:" "Destruction of Russia's Machine Building and Scientific Potential Becoming Irreversible"]

[FBIS Translated Text] In the first half of this year, inertia prevailed in Russian economic development. The steady trajectory of this development (depressed stabilization) was formed over the course of the last 18 months, in the wake of the short-term wholesale production slump of winter 1993-1994.

Despite the tightening of monetary policy in the first quarter of this year, it has proved possible to avoid a new large-scale production slump (the threat of which was very real). Taking seasonal factors into consideration, the fall in commodity production in the first and second quarters was limited to 4-5 percent.

The critical foreign reserves situation that had come about at the start of the year has been resolved — they have increased by more than 150 percent. By the end of the half foreign reserves provided around 3.5 months' cover for imports.

There has been no marked acceleration in unemployment (although it is running ahead of the rate of decline in production). The number of unemployed (using International Labor Organization methods) increased over the two quarters from 4.87 million (fourth quarter of 1994) to 5.7 million (second quarter of 1995), or from 6.5 to 7.6 percent of the economically active population.

Despite the growth in the real ruble exchange rate, exports continue to increase (up 22 percent during the half-year). On the whole, thanks to the expansion of exports, it has proved possible to stabilize production in raw-material sectors (metallurgy, chemicals, and petrochemicals).

But, on the whole, the country's economic position in January-June continued to be very complex and contradictory. Certain positive aspects have been outweighed by negative processes, which have continued or even become exacerbated. The period when Russian society could live off the material, cultural, and political resources built up by two or three preceding generations is over.

The economy is entering a new phase of systemic crisis in which qualitatively new constants in the current outlook will dominate. We are referring to long-term processes that have developed over the past three or four years — the degradation of agriculture; the increasing structural imbalances in the economy linked to its deindustrialization and the loss of quality components; the deterioration in the state of production and personnel potential (as a result of having to operate at very low capacity utilization rates); the critical dependence on imports; the growth in foreign debt; the increasing shortage of financial accumulations, and so forth.

Hence, it is clear that the economic policy emphasizing the suppression of current negative factors and the "papering over" of the cracks is becoming unviable. The "range" of measures used to implement this policy and the possible alternatives to it are becoming narrower and narrower, quite apart from not having any constructive result. Despite all the flip-flops in government policy (the switch from tightening policy to easing, and then back again), the inertia of key processes in the economy (production, structural improvements, investment, and inflation) remains the dominant factor in the current economic outlook.

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By the middle of the year there had been a move from the revival in commodity production that had been outlined in the fourth quarter of last year to a new phase of stagnant decline. Taking seasonal factors into consideration the decline (on the preceding quarter) was 5 percent and 4 percent in the first and second quarters respectively.

The trend toward a decline in production efficiency and quality has continued. Energy-intensiveness in industry is estimated to have increased by 4-5 percent in the first quarter of this year (compared with the first quarter of 1994). Over the past two quarters production of high-tech machine building output (electronics, instruments, armaments, and so forth) has fallen by 16-17 percent (on the fourth quarter of 1994, taking seasonal factors into consideration), which is double the rate of the general industrial decline.

The tightening of the domestic market (demand) has intensified. Evidence of this is provided by the 13-percent decline in deliveries of finished output over the half-year compared to last year's level (three times more than the decline in industrial production).

The processes of deindustrialization and economic sluggishness [utyazheleniye] have continued, while at the same time the imbalances between groups of sectors geared to the domestic and foreign markets have become more acute. Whereas the first group (the fuel and energy complex, metallurgy, forestry, and the chemical industry) has been showing growth or at least a stabilization in production, the second group (machine building and the light and food industries) has seen production decline by 18-28 percent over the two quarters (excluding seasonal factors).

The critical situation in agriculture poses a real threat to Russia's self-sufficiency in food. Drought has been added to the already traditional negative factors (the reduction of sown areas and yields, the decline in livestock herds and productivity, the mass decommissioning of agricultural equipment, the underutilization of fertilizer, migration of the active population — primarily young people — from the countryside, and so forth). According to figures from the Russian Agriculture Academy Scientific Research Institute, ripe grain crops have perished over an area of more than 3 million hectares (6-6.5 percent of the sown area). The Ministry of Agriculture and Food's figures are 2 million hectares. Taking this into account, the estimated grain harvest for this year is 67-72 million tonnes — 11-17 percent down on last year. Milk and meat production is falling even faster.

A long-term trend toward a reduction in the population's real incomes — above all, labor remuneration — has again emerged. In the first two quarters (compared with the fourth quarter of 1994) real pay levels fell by almost a third. The position of low-income population groups has deteriorated sharply. Whereas in the second half of last year the per capita incomes of the poorest 20 percent of the population amounted to 90-100 percent of the cost of a basket of 19 foodstuffs, in the first and second quarters of this year the figures were 65 and 76 percent respectively.

Despite the very urgent need for modernization and renewal of production equipment, the decline in capital investment continues. In the first two quarters, the decline in investment was 11 percent (compared to the fourth quarter of 1994 and excluding seasonal factors). One reason is that this year has seen an increase in the outflow of financial resources from production investment to the financial sphere (including to cover the budget deficit). Moreover, whereas in the very near future it will be possible to find large amounts of resources to fund investment in the real sector, the destruction of our machine-building and scientific potential that has already occurred will cause considerable difficulties when it comes to their material provision.

The reduction in the budget deficit to 3 percent of GDP and the stabilization of the ruble exchange rate have not produced the anticipated fall in inflation, whose level remains higher than last year. If the current trend persists, its level over the year will be 7-8 percent a month (instead of the 4-5 percent planned for this year).

Thus not one of the priority targets highlighted in the president's February message and recorded in the government program for 1995 — achieving macroeconomic stabilization by year's end, cutting inflation to 2-4 percent, galvanizing investment policy, accelerating restructuring, or improving people's living conditions — has been achieved.

This considerably narrows the opportunities for implementing the programs planned for next year, 1996.

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Table P.1. Macroeconomic Indicators in 1995

	1994 (outturn)	Government Guidelines for 1995		Forecast options for 1995	
		A	B	Scenario 1	Scenario 2
GDP, trillion rubles	630	1,000		1,700	1,900
growth rate (percent)	85	89	92-94	94	97
Gross industrial output (trillions of rubles) (for large and medium enterprises)	311	570		900	1,010
growth rate (percent)	77	91	93-95	94	97
Trade turnover, trillions of rubles	213	360		640	660
growth rate, percent	100	98		94	95
Capital investment, trillions of rubles	106	190		240	275
growth rate, percent	74	94	89-91	79	84
Exports, billions of dollars	50.1	49.1		56.6	63.6
growth rate, percent	113			113	127
Imports, billions of dollars	37	37		45.5	38.5
growth rate, percent	113			123	104
Inflation (December on December), percent	315	142		231	251
monthly average over the year, percent	10	2-3	4-5	7.2	8
Federal budget deficit, trillions of rubles	60.1	73.2		52	79.5
as percentage of GDP	9.5	7.3		3.1	4.2

[In table P.1, the column headings denote the following: A — adopted during elaboration of draft budget; B — program for 1995-1997, option 1]

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Table P. 2. Industrial Production Indices (in Comparable 1990 Prices, Growth Rate As Percentage of Previous Period in 1994)

	First half-year estimate	Forecasts					
		Inertia trend		Scenario 1		Scenario 2	
		1995	of which, second half-year	1995	of which, second half-year	1995	of which, second half-year
Industry, total	94	92	90	90	86	93	93
Power generation	95	94	93	93	91	95	94
Fuel industry	98	99	100	98	98	99	101
Ferrous metallurgy	112	107	103	105	99	109	106
Nonferrous metallurgy	100	95	92	93	88	97	94
Chemicals and petrochemicals	109	107	105	105	101	108	108
Machine building	96	90	84	87	78	91	87
Forestry, wood processing, and pulp and paper industry	90	90	91	89	88	92	93
Construction materials industry	91	91	91	88	86	93	95
Light industry	62	64	67	62	63	65	70
Food industry	90	91	92	89	89	92	94

Table P.3. Federal Budget Revenue and Expenditure

	1994 (outturn)	1995 Budget (plan)	Forecast Options	
			Scenario 1	Scenario 2
	Trillions of Rubles			
Federal Budget Revenue:				
Total	86.3	163.2	219.5	243.7
Profits tax	17.1	23.8	53.2	62.6
VAT, Special Tax	28.0	55	84.9	90.4
Excise duty	4.4	9.7	14	14.2
Revenue from VED [expansion unknown]	19	43.2	40.6	48.8
Other budget revenue	17.8	31.5	26.8	27.7

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	1994 (outturn)	1995 Budget (plan)	Forecast Options	
Federal Budget Expenditure:				
Total	146.4	236.4	271.5	323.2
On the national economy	33.4	42.3	44.9	54.6
On social and cultural measures	10.5	21.1	24.2	27.2
Administrative expenditure	14.6	19.9	21.6	27.1
On defense	28	48.6	56.2	63.7
Other budget expenditure	59.9	104.5	124.6	150.6
Budget Deficit:				
Federal budget deficit	60.1	73.2	52	79.5
Covered by:				
securities*	13.9	37.1	25.3	41.8
foreign loans etc.	6.8	29.7	21.3	22.2
Central Bank credits	39.4	6.4	5.4	15.5
	As a Percentage of GDP			
Federal Budget Revenue:				
Total	13.7	16.3	12.9	12.8
Profits tax	2.7	2.4	3.1	3.3
VAT	4.4	5.5	5	4.7
Excise duty	0.7	1	0.8	0.7
Revenue from VED	3	4.3	2.4	2.6
Other budget revenue	2.8	3.2	1.6	1.5
Federal Budget Expenditure:				
Total	23.2	23.6	16	17
On the national economy	5.3	4.2	2.6	2.9
On social and cultural measures	1.7	2.1	1.4	1.4
Administrative expenditure	2.3	2	1.3	1.4
On defense	4.4	4.9	3.3	3.3
Other budget expenditure				
9.5	10.5	7.3	7.9	
Budget Deficit:				
Federal budget deficit	9.5	7.3	3.1	4.2
Covered by:				
securities**	2.2	3.7	1.5	2.2

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	1994 (outturn)	1995 Budget (plan)	Forecast Options	
foreign loans etc.	1.1	3	1.3	1.2
Central Bank credits	6.3	0.6	0.3	0.8

[In table P.3, the symbols denote the following: * — According to Russian Federation Ministry of Finance figures, cf. "Financial IZVESTIYA" No. 37, 30 May 1995; ** — short-term state bonds, treasury bonds, and other state securities]

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International Affairs

Joint Exercises by Ukraine, U.S. Naval Forces

MM2607160795 Moscow IZVESTIYA in Russian 26 Jul 95 p 1

[Report by Nikolay Semena: "U.S. and Ukrainan Peacekeepers Sent Into 'Kimmeria'"]

[FBIS Translated Text] Nikolayev — Joint exercises by Ukrainain and U.S. naval forces, during which the two countries are rehearsing naval infantry operations aimed at carrying out a peacekeeping operation in the hypothetical region of "Kimmeria," supposedly embroiled in an interethnic conflict, began 25 July on the Shirokiy Lan range near Nikolayev. In the course of the exercises naval infantry and marines will be landed from ships, and operations to establish a safety zone and seal off the region to stop the influx of arms will be rehearsed. Around 2,000 men, the U.S. amphibious warship Pensacola, the Ukrainian patrol boat Getman Sagaydachnyy, and also eight airplanes, four helicopters, and several special ships and other equipment will take part in the exercises. The exercises will last until 29 July.

RSA Defense Minister Visits; Agreement Prepared

MM2607110195 Moscow Russian Television Network in Russian 0400 GMT 19 Jul 95

[From the "Vesti" newscast: Video report from Kiev by A. Tychin, identified by caption; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Text] [040550] [A. Tychin over video of Ukrainian-South African talks, datelined 18 July] Ukraine and the Republic of South Africa are due to sign an agreement on cooperation in the military and technical sphere Wednesday. During a meeting between the Ukrainian and South African defense ministers — Valeriy Shmarov and Joe Modise — active preparation of the text of the agreement took place. After the meeting the South African military delegation, accompanied by Valeriy Shmarov, visited Ukraine's No. 169 Separate Training Center for Ground Force specialists. The military experts inspected Ukrainian Army equipment and hardware. The latest versions of the T-80, T-72, and T-74 tanks attracted the greatest interest. The tanks could be viewed both on stands and in action.

The South African defense minister spoke highly of the Ukrainian servicemen's standard of training. He said that he had seen a real army equipped with modern weapons and expressed the hope that relations between the two countries will continue to develop.

It is a pity that, given this level of military equipment, the Ukrainian servicemen remain among the worst paid in the world.

[Unidentified serviceman, speaking in Russian] It is a disgrace to the state that it cannot provide for its army, that it cannot feed its soldiers. [040651]

Delegation in Moscow for Russian-Ukrainian Talks

Shmarov: 16 Nov Russian Fleet Withdrawal

LD2607131395 Kiev UNIAN in Ukrainian 1215 GMT 26 Jul 95

[FBIS Translated Text] Moscow — The Russian part of the Black Sea Fleet should be withdrawn from Ukraine by 16 November 1995, Ukraine's Defense Minister Valeriy Shmarov told journalists on 26 July.

According to him, the Russian side gave the Ukrainian delegation a document signed by Russian President Boris Yeltsin containing the parameters for the division of the Black Sea Fleet as well as proposals on its status. Shmarov said the document had been drawn up by members of the Ukrainian delegation.

The minister stressed that "in general there have been improvements with regard to the Black Sea Fleet" and that there were no serious differences with regard to the division of the vessels. "They are only of a technical nature," he stressed.

The parameters of dividing the Black Sea Fleet and its status will be discussed at the next meeting of the Ukrainian and Russian prime ministers on 2 August in Moscow.

Shmarov on Expected Black Sea Agreement

WS2707080795 Lvov INFOBANK in English 0655 GMT 27 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] In an interview with an INFOBANK correspondent Ukraine's Minister of Defense Valeriy Shmarov said that in the agreements expected to be signed by Yevhen Marchuk on August 2, the status of Russia's Armed Forces and Fleet in Crimea will be referred to as "foreign military units on the territory of Ukraine." The Russian side will pay Ukraine hard currency for the leasing of land, for the base's infrastructure, and for the supply of energy resources.

Russian Option 'Departs' From Sochi Agreement

LD2607141795 Moscow INTERFAX in English 1345 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX-UKRAINE) — "Variants of solving

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the problem of the Black Sea Fleet, proposed by both sides" are being discussed at the Russian-Ukrainian talks in Moscow, a member of the Ukrainian delegation told journalists.

He said that the Russian approach to the problem "has provisions which are opposed by the Ukrainian side."

In his opinion, the Russian option "departs" from the Sochi agreements, first of all in matters pertaining to the Ukrainian Navy's bases.

He announced that the Ukrainian delegation's disagreements with the Russian plan will be handed over to the Russian delegation shortly.

He also said that Ukraine had once again emphasized the importance of implementing the Paris agreements on cutting down conventional weapons in Europe and, in strict accordance with them, withdrawing the Black Sea Fleet's coastal defense division from Crimea.

Enviromental Protection Cooperation Discussed

LD2607143195 Moscow INTERFAX in English 1346 GMT 26 Jul 95

[FBIS Transcribed Text] MOSCOW, July 26 (INTERFAX-UKRAINE) — The intergovernmental agreement on cooperation in the field of environmental protection between Ukraine and Russia should also assist in solving the problem of the ecological condition of sites where the Black Sea Fleet is stationed.

Ukraine's Environment Protection and Nuclear Safety Minister Yuriy Kostenko, member of the Ukrainian delegation at the talks on the Black Sea Fleet in the Russian capital, expressed this opinion in an interview with journalists in Moscow Wednesday.

According to him, the agreement also provides for measures to guard and to control the ecological state of the Azov Sea and Black Sea regions and for the creation of a joint commission on this issue.

Kostenko reported that in 1994 the Ukrainian party carried out an estimate of the ecological damage done to Crimean nature by the Black Sea Fleet and said the matter concerns "billions of dollars."

In his opinion, the ecological damage inflicted to Crimea's nature should be compensated by Ukraine and Russia in shares proportional to the shares of the fleet allocated to these states.

He underlined that the environment problem has not been included in the program of solution of the issue on the Black Sea Fleet. "We shall insist on this," he said and underlined that Crimea's leadership is of the same opinion.

According to him, Russia in principle treats this problem "with understanding." However, there should be "real volumes of financing along with this understanding. But the Russian party perceives this issue without any enthusiasm."

Marchuk Reports on Debt Repayment

LD2607185595 Moscow INTERFAX in English 1734 GMT 26 Jul 95

[FBIS Transcribed Text] KIEV, July 26 (INTERFAX-UKRAINE) — Russia currently has virtually no complaints regarding Ukraine's observance of the repayment schedule of its debt for Russian fuel already delivered, Ukraine's Prime Minister Yevgeny Marchuk told journalists in the Borispol airport on Wednesday upon his return from Moscow.

"There is some current debt, but it is not that high," he remarked.

At the same time, Marchuk said Ukraine was entering "a difficult part of the year, namely, the start of the fall and the heating season."

According to Marchuk, the debt "could become a serious factor in bilateral relations. Now we can say that Ukraine is entering the mode of normal payments."

In mid-July, Ukraine owed Russia $405 million for gas consumed since the start of 1995. Ukraine has paid over $300 million in hard currency, delivered equipment worth $25 million and provided services worth $330 million for servicing the debt. About $45 million was paid through commercial structures.

Commentary Views Delays in Negotiations With Russia

AU2607141295 Kiev HOLOS UKRAYINY in Ukrainian 25 Jul 95 p 4

[Commentary by Valeriy Druzhenko: "It Won't Hurt To Strengthen Friendship. Just in Case"]

[FBIS Translated Text] One of this week's main events is the Ukrainian premier's planned visit to Russia. Agreement to hold a meeting between Yevhen Marchuk and Viktor Chernomyrdin has existed since the times of discussion of the fate of the Black Sea Fleet by the presidents of the two neighboring states. However, the date of the visit was first changed in the aftermath of the known events in Budennovsk and then after the Russian parliament voted no-confidence in Viktor Chernomyrdin. Still later, a series of planned foreign trips by the Ukrainian prime minister prevented the meeting.

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Of course, issues of further expansion of economic cooperation and of settling [pohashennya] of the Ukrainian debt will be addressed at the negotiating table. However, perhaps the main topic will concern the preparation of a large-scale Agreement on Friendship, Cooperation, and Partnership. Ukraine's desire to have it signed as soon as possible is obvious: Russia will soon hold parliamentary and presidential elections that may change the external political orientation of our northern neighbor, and the main document in accordance with which the sides recognize the existing state borders has not yet been signed. The good neighborly relations between the strategic partners has so far only been certified by individual legislative acts. The situation is also complicated by the lingering illness of the head of the Russian state.

Experts, who assess the positions occupied by the two states on the eve of signing the main bilateral document, believe that it may hardly appear before the fall.

Kuchma, Defense Ministry on Latest Bosnian Events

WS2707082495 Kiev INTELNEWS in English 0537 GMT 27 Jul 95

[By Lubov Pospelova and Oksana Hasiuk, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 26 — The situation in the Bosnian enclaves of Zepa and Gorazde remained stable on Wednesday [26 July], prior to shortly expected transfer of Ukrainian peacekeepers to the city of Sarajevo, the Defense Ministry announced.

President Leonid Kuchma, responding to journalists' questions that same day, reaffirmed Ukraine's overall commitment to its Yugoslavian peacekeeping mission, saying, however, that he wants "the question to be solved and lives of Ukrainian peacekeepers not under threat."

"I am glad that Ukraine became the participant of European activities," he said. "I think that peacekeeping forces should exist. I'm for strengthening the contingent in the former Yugoslavia and, with the presence of force, settling the questions at the table."

Meanwhile, according to the Defense Ministry, Zepa is completely under Bosnian Serb control and evacuation of the population and wounded people proceeding in an orderly fashion with the aid of Ukrainian "blue helmets," who are using armored personnel carriers to escort refugee columns.

As for the future of the Ukrainian company, Defense Ministry officials confirmed it will be transferred from Zepa to the base of Ukraine's 240th special regiment in Sarajevo once the evacuation is complete.

Defense Ministry officials also reported a calm situation in Gorazde as well. "There was no shooting," according to the announcement.

Military activities in the Bosnian capital are also at a relative low, according to the Defense Ministry announcement, which credited the presence of British and French rapid reaction forces on Igman mountain, which strategically dominates Sarajevo's outskirts.

In a related development, British Minister of State for Foreign and Commonwealth Affairs Nicholas Bonsor, expressed his government's solidarity with the Ukrainian effort in Bosnia.

"If the situation in the region will become worse we will have to evacuate peacekeepers from Bosnia," said Bonsor.

The British diplomat added that among the viable options for ending the long and bloody conflict would be the imposition of threats against Bosnian Serb military leaders. In this case, Bonsor said, "we will have to execute our threats."

"I think that about this your and our government have joint view on what there should be done in Bosnia," said Bonsor, after a Wednesday meeting with Foreign Minister Hennadiy Udovenko.

Kuchma Favors 'Stronger' NATO Presence

LD2607163095 Kiev UNIAN in Ukrainian 1530 GMT 26 Jul 95

[FBIS Translated Text] Kiev — "I shall only be fully satisfied when there is no threat to the lives of Ukrainian servicemen," Ukrainian President Leonid Kuchma said on 26 July, commenting on the situation in Bosnia-Herzegovina where a detachment of Ukrainian peacekeepers has been blocked. This threat, he said, has now lessened.

Kuchma emphasized that "Ukraine has become a fully fledged participant in the process of settling the conflict in Yugoslavia."

He further expressed his satisfaction with the fact that Ukraine had been invited to attend a meeting in London of the contact group on the settlement of the crisis in Bosnia, adding that he was in favor of a stronger peacekeeping contingent in the Balkans with the inclusion of a multinational NATO force. "This question, however, should be resolved by way of negotiations," said Kuchma.

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Peacekeepers To Transfer to Sarajevo

LD2607160095 Moscow INTERFAX in English 1449 GMT 26 Jul 95

[FBIS Transcribed Text] KIEV, July 26 (INTERFAX-UKRAINE) — A Ukrainian peacekeeper company deployed in Bosnia's Muslim enclave of Zepa will most likely be transferred to Sarajevo, Ukrainian President Leonid Kuchma's spokesman Mikhail Doroshenko said on Wednesday [26 July].

Currently the company, part of the U.N. protection Force (UNPROFOR) in the former Yugoslavia, is helping evacuate Zepa's population before the enclave is taken by the Bosnian Serbs, Doroshenko told a news briefing.

On July 14-16 two Ukrainian companies found themselves in a zone of warfare between Muslims and Serbs, the Muslims blockading one of the companies in Zepa and the other in Gorazde.

The Ukrainian battalions, numbering a total of 1,200, are engaged today in peacekeeping operations in Bosnia and Croatia.

National Affairs

Kuchma Regrets Recent Unrest at Patriarch's Funeral

LD2607153495 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] KIEV, July 26 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has expressed deep regret over recent clashes between police and mourners, in which about 70 people were injured, in the capital's Sofia Square during the funeral of Patriarch of the Ukrainian Orthodox Church Vladimir.

Riot police intervened as mourners tried to get the Patriarch buried inside the St. Sofia Cathedral. Though alternative sites were offered, he was buried outside the cathedral walls.

In an interview with INTERFAX-UKRAINE, Kuchma spoke of instructing law enforcement bodies and the prosecutor general's office to carry out a thorough investigation into the incident and make their findings public.

The president said it was impossible to maintain public peace, social stability and ethnic harmony without a civilized and tolerant approach to the problem of relations between church and state and between different creeds.

He said that like in any other democratic state, the church was separate from the state and totally independent in the administration of religious rites. At the same time, Kuchma said that everyone was bound to respect the country's laws.

Kuchma Issues Statement on Church Crisis

LD2607200595 Kiev Radio Ukraine World Service in Ukrainian 1600 GMT 26 Jul 95

[FBIS Translated Text] At the request of UKRINFORM and INTERFAX-UKRAINE correspondents, Ukrainian President Leonid Kuchma has commented on the events that surrounded the burial of Patriarch Volodymyr of the Ukrainian Orthodox Church, Kiev Patriarchate.

These events, he said, cannot but evoke the feeling of profound and sincere grief, primarily because this confrontation caused suffering to people. Whichever side of the conflict they were, they are our fellow countrymen and their suffering is our sorrow. Luckily, there were no real casualties, although some are quite shamelessly seeking these out where there are not any. Both the authorities and those who provoked the conflict have to apologize to the innocent people who suffered and those hurt during the performance of their official duties.

A society's losses, however, are not confined to the suffering of its individual members. Under much more complicated conditions, Ukraine has until now found the power of moral strength to refrain from the use of force. This was what we took pride in and why we enjoyed the respect of the world. Very unfortunately, this boundary was overstepped on 18 July. It is not the scope of these clashes and the number of casualties that matter. What does matter is that both sides have overstepped the boundary beyond which even what is right has to be borne out by force.

Certain circles consciously allowed this conflict to happen, sweeping aside respect and sincere care for the deceased and the true interests of the church. They very well understood that their demands put the authorities in a situation where the latter had no choice other than that which would have resulted in a serious moral and political defeat. There is no doubt that permission to a burial on the grounds of St. Sophia's Cathedral, an outstanding monument of world culture under the protection of UNESCO, would have provoked a needless conflict between the state and other religious communities and led to an increase in social tension in society. Any surrender by the government to ultimatums, and especially under direct pressure by force from ultra-radical groups, would have meant not just disregard for authorities, it would have effectively discredited them and set a precedent which would subsequently have been made use of many times

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in one way or another. The recommendations by the government were as close to ideal as possible. This was probably precisely why the church leadership accepted them, though having later altered their stance under the influence of known organizations and also individuals.

The authorities themselves, however, for various reasons also failed to put to effective use all opportunities of a political dialogue, such as searching for a compromise and mutually acceptable solution. Very unfortunately, force was used, which was inadequate for the real situation.

The final conclusions will be drawn once the investigation of all circumstances of these events is over. However, even now one can preliminarily agree that law enforcement agencies' actions in St. Sophia's Square were unprofessional. The massive use of force ordered was unjustifiable. Those to blame will be held responsible, while all other officials have to realize that, although force is an inseparable attribute of the state, its use is a particularly delicate matter, to be resorted to, indeed, only in exceptional cases.

Having said that, I would not like to give the impression that search for the culprits will center on rank and file militiamen. The president will allow no such thing. We have no right to shift responsibility to the men in uniform. This is dishonest and we shall not stoop to so incorrectly seeking a way out of this situation.

At the same time, I would like us all objectively and thoroughly to comprehend the consequences of what has happened. Firstly, those forces which sought political results to be yielded by this sad incident with regard to its effect on both the church and the believers, have achieved them. There can now emerge a fundamentally new distribution of forces on the political arena, with some hotheads even endeavoring to terminate the constitutional treaty. Those who yesterday purported to be democratic, today unite with such extremist formations as the UNA-UNSD [Ukrainian National Assembly - Ukrainian National Self-Defense].

All these processes seriously destabilize the situation in society and can plunge it into chaos altogether. National patriotic movement leaders ought to have foreseen the consequences of these developments and adjusted their actions on the basis of what is really needed to build a strong and independent Ukraine.

Secondly, I would not like anybody to toy with the hope that a similar campaign can alter any fundamental principles of state policies, including towards various denominations. The state will not return to the times when power-wielding institutions supported various church organizations which were the closest to the former, promoted the redistribution of their influence and even turned a blind eye to their use of force. There will be no more of this treatment of the churches all of which, under the law, are equal before the state. This will be our policy in practice. Meanwhile, believers will see for themselves which denomination is more to their liking.

As a citizen and simply as a human being and a Christian, I naturally would be wholeheartedly glad if the Orthodox Church in Ukraine were united. As the president, I at the same time do not support or share calls or aspirations for artificially creating some state church. Nor do I think that the state can support one church at the expense of another. We must not take the course that discredited itself, redistributing temples and church property and groundlessly taking it away from one and giving it back to another. This cannot and must not be the sphere of state activity.

As the president of Ukraine, I have no right to and shall neither initiate or artificially accelerate any processes in that area. The state will also be able to neutralize extremist groups in their attempts to resolve society's problems by force. The preservation of civil peace, political stability and interethnic accord is impossible without a civilized and tolerant approach to the issue of mutual relations between the church and the state and of interdenominational conflicts.

In Ukraine, just as in any other democratic country, the church is legislatively apart from the state and is totally independent from the latter in its religious activity. At the same time, both the believers and the clergy, highly-placed religious hierarchs, politicians and parliamentarians, are Ukrainian citizens who must strictly abide by the laws of the state.

And, finally, my sincere aspiration is for all of us to rise to the realization of the need to prevent situations where, lawfully or unlawfully, force is used in politics. We have learned a horrifying lesson which proves that this situation can become uncontrollable, develop according to its own terrible logic, and turn unmanageable by either officials, political leaders or simply the mind of most participants in various events.

The day of 18 July harmed everybody. It shook the positive perception of Ukraine by the international community as a democratic society capable of tackling its most complicated problems by the power of its minds. It has transpired that it is not always that the nation's patience and wisdom can ensure that political institutions and authorities act in a civilized and balanced manner.

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Nor has the church added to its good name. Its actions in this situation, in our view, are at variance with biblical testaments.

Neither the authorities nor the political parties have consolidated respect for themselves among their own people, because they have failed to emerge honorably from the circumstances that were not so complex as to have had these sad consequences. It is only extremists who earned political dividends. We, however, have no right to let them take the political initiative from us, as we shall pay for this too dearly.

If we really care about Ukraine and its people, we all have to understand these circumstances, rise above emotions and avoid further complicating the situation. My profound belief is that no righteous cause can be espoused by unrighteous means. No attempt to prove by force in front of a temple that one is right, leads to the temple itself.

This was the full version of Ukrainian President Leonid Kuchma's answers to questions from UKRINFORM and INTERFAX-UKRAINE correspondents in connection with the events in St. Sophia's Square in Kiev on 18 July.

Parties' Joint Statement on 18 Jul Events

WS2707080895 Kiev VECHIRNIY KYYIV in Ukrainian 22 Jul 95 p 1

[Statement by representatives of political parties and public organizations of Ukraine: "Police Regime Is Being Established in Ukraine"]

[FBIS Translated Text] Unprecedented and brutal outrage of believers' sacred feelings, trampling on Ukrainian people's national honor, and profanation of the ashes of a dead man took place during the burial of the Most Holy Patriarch of All Ukraine—Rus Volodymyr.

Ukraine's highest administration, power ministries, and all who issued and followed the shameful order of using gas and beating up the participants in the funeral procession, stained themselves — in the eyes of Ukrainian society, as well as the eyes of the world community — with innocent victims' blood. The administration openly opposed its own nation.

The hypocritical concealment of true information and purposeful misrepresentation of facts by certain media (particularly by Ukrainian Radio and Television) indicate the presence of censorship and the culprits' attempts to avoid responsibility for their deeds.

A police regime is being established in Ukraine.

Assessing the events of 18 July 1995 in Kiev as a result of a planned action of anti-Ukrainian, and antistate forces, including those from the high echelons of power, we, representatives of political parties, and public organizations of a national-patriotic, and democratic orientation demand from the president and the Ukrainian Government that:

— a day of mourning be announced in connection with the tragic events that occurred during the funeral of the Most Holy Patriarch Volodymyr;
— all the imprisoned participants in the funeral procession who are being kept in cruel conditions, without medical and legal help be released;
— measures to disclose and penalize all the officials guilty of a crime against the participants in the peaceful mourning procession, including General Major Budnikov and Colonel Kulikov be taken;
— reburial of ashes of the Most Holy Patriarch Volodymyr be conducted by a state committee — with participation of the government — in the place chosen by the Holy Synod of the Ukrainian Orthodox Church of Kiev Patriarchate;
— victims' material losses and payments for medical help be reimbursed;
— the Ukrainian nation's sacred places be returned to the Ukrainian national churches, primarily the Kiev-Pechersk and Pochayiv Lavras, the Saint Sophie's Cathedral, and the Vydubetsk Monastery;
— the Interior Ministry's special task units be disbanded;
— a review of the Interior Ministry's budget be carried out, aimed at its reduction, and the released funds be used on assistance for servicemen and lower grade officers.

We demand that the people's deputies of Ukraine who participated in the funeral procession be given live air time on radio and television for a truthful presentation of the events of 18 July 1995 in Kiev.

Signed by:
Yuriy Tsekov, on behalf of the Democratic Party of Ukraine;
Serhiy Zhyzhko, Hennadiy Sirenko, Oleksandr Cheshkov — the Congress of Ukrainian Nationalists;
People's Deputies of Ukraine Vyacheslav Chornovil, Olena Bondarenko, Vasyl Chervoniy, Liliya Hryhorovych — People's Rukh of Ukraine;
People's Deputy of Ukraine Myroslav Horbatyuk — People's Rukh Kiev branch;
People's Deputy Mykola Porovskyy — Ukrainian Republican Party;

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People's Deputy Stepan Khmara — Ukrainian Conservative Republican Party;
People's Deputy Oleh Vitovych, Dmytro Korchynskyy, V. Melnyk — Ukrainian National Assembly-Ukrainian National Self Defense [UNA- UNSO];
Oleksandr Kovalenko — UNA-UNSO Kiev branch;
People's Deputy Pavlo Movchan — Taras Shevchenko "Enlightenment" Society;
Oles Shevchenko, Bohdan Chornomaz — Organization of Ukrainian Nationalists;
Volodymyr Saladyak — Ukrainian Officers' Union;
People's Deputy Yevhen Lupakov — Ukrainian Officer's Union Sevastopol branch;
People's Deputy Volodymyr Mulyava — Ukrainian Cossacks;
Viktor Tsymbalyuk — Vasyl Stus "Memorial" Association of Ukraine;
Atena Pashko, Olha Hlon — Union of Ukrainian Women;
Feoktysta Bachynska — Organization of Soldiers' Mothers of Ukraine;
Mariya Drach — "Women's Assembly" International Organization;
Olha Kobets — Olena Teliha Women's Association;
Yuriy Murashov — "Helsinki-90" Committee;
Hryhoriy Honcharenko — "Green World" Ukrainian Ecological Association;
Oleksandr Hranovskyy — Christian Center of Charity and Philanthropy;
Mykola Korobko, I. Zhulynskyy — Ukraine Democratic Alliance.

Kravchuk: State Launching Church 'Onslaught'

LD2607172795 Moscow ITAR-TASS in English 1402 GMT 26 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, July 26 (ITAR-TASS) - "July 18 will go down in the Ukrainian history as the beginning of an open onslaught launched by the state bodies on the Ukrainian Church," former Ukrainian president Leonid Kravchuk said in an open letter for the mass media circulated today.

"Now, the culprits are being looked for. Perjurers have been found and there are provocateurs among high-ranking officials and a ghost of nationalism has been released. Ukraine has been openly and shamelessly cheated by Moscow," the letter said.

Many political observers believe that Kravchuk attempts to bring out a new force — the Kiev Patriarchate — in a political arena. Law enforcement bodies say that it was Leonid Kravchuk who had instigated the mourning procession to change the route and head for the St. Sofia Cathedral instead of the Baykov cemetery where the Kiev patriarch was to have been buried.

The newspaper "Independence" writes that "it is not likely that any party nowadays would attract as many people, including fanatics, militants and deputies, as had rallied around former president Kravchuk and Filaret, representing the church, who had performed the role of notorious priest Gapon."

Kravchuk stressed in his letter that the main political purpose of the tragic developments in Kiev was to prevent the formation of the Ukrainian Autocephalous Orthodox Church, which is one of the main factors in the formation of national self-consciousness of the people and fostering Ukrainian statehood.

An investigation into the bloody tragedy which occurred in Kiev on July 18 during the funeral of the Kiev patriarch is being conducted now by the Shevchenko Prosecutor's Office. The Prosecutor's Office is expected to give a legal assessment of the role played in the tragedy by the first Ukrainian president.

Nation Addressed on Introduction of New Currency

WS2707080695 Kiev INTELNEWS in English 0537 GMT 27 Jul 95

[By Oleksandr Shtolko, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 26 — President Leonid Kuchma was quoted on nationwide television Wednesday evening [26 July] as saying that Ukraine was going to convert to a new currency, the "hryvnya," not later than September.

The president also stated that the introduction of the hryvnia would be followed by a strict monetary policy which would bar the issuance of additional credits to state enterprises and organizations for the remainder of the year.

In the meantime, National Bank of Ukraine officials announced that a new regulation attempting to restrict the circulation of hard currency would be issued by Aug. 1.

This would be the third attempt to rein in official hard currency circulation this year, following two abortive moves which the NBU attempted in February and May

"The third attempt will be successful," NBU Deputy Chairman Oleksandr Kyreyev said Wednesday, prior to the Kuchma announcement.

In the second try, which occurred on May 16, the NBU ordered that the then-valid 1,200 hard currency licenses be re-registered under, new, more rigorous standards.

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According to Kyreyev, three-quarters of the licensees at that time didn't apply for re-registration. By now, there are slightly more then 200 licenses valid, he added.

Kyreyev said that the partial success of the May move will aid the prospects for the coming round of monetary "reform," and that the opponents of hard currency restriction who argue that the country's "financial system will choke" as it did in February are wrong this time around.

Currently, according to Kyreyev, the NBU has no opponents, able to impose influence upon its decision to eliminate foreign currency from circulation. He added that a widely quoted estimate that hard currency accounts for as much as 12 percent of the money in circulation is an "overestimated" figure because three-fourths of this sum are non-cash bank transfers."

April cash hard currency circulation was US$16.3 million, he said, while overall turnover was US$68.7 million.

According to Serhiy Brahin, NBU Currency Control Department Chairman, about 8,000 currency exchange points now operate in Ukraine, with turnover ranging from US$400 to US$11,000.

Kyreyev said that upcoming NBU resolution will put "Ukrainian citizens in equal conditions with respect to goods purchase." In addition, he said that "this action will strengthen the national monetary unit and act as a step to currency reform."

According to Kyreyev, 70 percent of all valid currency licenses were issued in Kiev and Odessa.

Crimea Seeks Restoration of Control of Parliament

LD2607182595 Moscow ITAR-TASS in English 1605 GMT 26 Jul 95

[FBIS Transcribed Text] SIMFEROPOL, July 26 (ITAR-TASS) - The Crimean parliament asked Ukrainian President Leonid Kuchma to change his decree of March 31, 1995 and restore its control over the Crimean government.

Currently, the Crimean government is temporarily subordinated to the Ukrainian Cabinet of Ministers.

The Crimean parliament explained its request by the need to ensure close cooperation between the two branches, which is critical to the effective operation of both the parliament and the government of the autonomous republic.

It said that at present the Crimean parliament has practically no opportunity to participate in the formation of the peninsula's government and exercise control over its activity. This affects relationships between the legislative and executive branches and impedes the social and economic reform in Crimea.

Minister on Optimum Form of Crimea Autonomy

954F2879A Simferopol KRYMSKAYA PRAVDA in Russian 21 Jul 95 p 1

[Interview with A. Senchenko by O. Volodin; place and date not given: "'The Scenario of Crimean Reforms Should Be Created in Simferopol'"]

[FBIS Translated Text] At the conclusion of the plenary sitting of the session of the Supreme Council of Crimea of the day before yesterday, at which the republic budget was discussed, Andrey Senchenko, deputy premier of Crimea, gave an exclusive interview to your KRYMSKAYA PRAVDA correspondent devoted to urgent problems of the reform of our economy.

[Volodin] Andrey Vilenovich, what, in your view, is the main impediment for the implementation of efficient market reforms in Crimea?

[Senchenko] The legal uncertainty, which, in the estimation of many prominent Western experts, is holding back economic reforms in Ukraine as a whole. If we are speaking specifically about Crimea, there is, in addition, a manifest imbalance of interests between Kiev officialdom and the autonomous republic. Everyone pays lipservice to the specifics of the Crimean region, which simply cannot be confused with the Donbass or Poltava Oblast. In practice, however, the "center," so to speak, is looking askance at the Crimeans' economic experiments.

Many people consider a panacea against all problems a law on the delineation of authority between Ukraine and Crimea and that it is possible overnight to resolve the accumulated problems and to fundamentally change the negative attitude of very influential opponents of open-economy procedures in respect to Crimea.

In my opinion, however, the consistent and single-minded work of both parties on the creation of a climate of trust and cooperation which could restore even just the civilized level of relations of Kiev and Simferopol which existed in 1993 would be far more effective than a law on a delineation of authority (although such a law should be put into effect, of course).

It is in this direction that the Government of Crimea is working today, and we are analyzing carefully, what is more, the experience of the Russian Federation, particularly the experience of the relations with Moscow of such of its subjects as Tatarstan and Yakutia (Republic of Sakha).

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I believe that this is the best model for Crimea. Eleven agreements have been signed between the Russian Federation and Tatarstan over two years, for example, and so substantial a time "interval" afforded professional economists an opportunity to operate according to the "measure seven times..." principle. It is obvious that until such agreements concerning the banking, tax, and customs spheres have been signed, a law on a delineation of authority between Crimea and Ukraine would in itself be inoperative.

[Volodin] How would you comment on the news that during the recent meeting between President L. Kuchma and Ye. Suprunyuk, chairman of the Supreme Council of Crimea, the head of the Ukrainian state promised to give the long-awaited reforms in Crimea the "go-ahead?"

[Senchenko] The president of Ukraine agrees in principle with the need for the introduction of open-economy procedures in Crimea. It remains merely to be hoped that serious deeds follow the good intentions. That is, movements at the legislative level which would help Crimea, finally, to perceive the real fruit of economic independence. No one will bring us prosperity and well-being on a silver platter. The scenario of Crimean reforms should be created in Crimea, not outside.

Commentary on Crimea Budget Bill

954F2880A Simferopol YUZHNYY KURYER in Russian 21 Jul 95 p 1

[Commentary by Grigoriy Ioffe under the rubric "Parliamentary Chronicles: On the Utility of Axiomatic Truths"]

[FBIS Translated Text] I hope that after the decision adopted last Wednesday by the Crimean Supreme Council, the enthusiasm of lovers of shifting the blame on someone else will be considerably dampened. As is known, there are quite a few such people in the deputy corps. As soon as the voters begin complaining a little about their hard life, they hear a familiar refrain: We do not supervise the government, it is not subordinated to us, and this is the root of all troubles. And ordinary people have no idea that for some deputies to supervise the government is the same as "supervising," for instance, a television set—turn it on or off whenever one wishes, or scan the channels. And since only recently such "supervisors" comprised a majority in the Crimean parliament, Kiev made a sensible decision (temporarily!) to transfer the control panel of the mechanism of executive power on the peninsula into more professional hands—the Ukrainian Cabinet of Ministers.

Nevertheless, the organizationally reshuffled and, as alleged, finally realistically-minded, parliament the day before yesterday finally adopted the law "On the 1995 Crimean Republic Budget." I will also note in passing that the Crimean Government, in keeping with relevant norms of the Crimean law on itself—which, in the opinion of some, is still in effect, while others contend that it no longer has any legal force—submitted the draft budget it has put together to the judgment of those same parliament members who quite recently did not recognize Franchuk's team at all. I am convinced that even a half-year delay in adopting the document of utmost importance for the existence of the Crimean economy does not diminish the symbolic significance of steps toward rapprochement that have been taken by both branches of authority.

Naturally, the budget itself caused a lively debate. There was also enough work for the reconciliation commission. So far, unfortunately, the result of this work is sad. The budget deficit increased from 1.1 trillion karbovantsy [K] to slightly over K9 trillion. This happened because of increased expenditures for the sociocultural sphere, which in the submitted draft was seriously shortchanged. One can only hope that the deputies, who insisted on such an amendment to the budget, understand that their kindness to the so-called "family social and cultural environment" at this point is a pure chimera. There is no money to implement these good intentions.

Which means that having said "a," the deputies should learn to pronounce other letters of the parliamentary alphabet. It is the lawmakers' direct duty to create such a legal foundation that would permit the government to purposefully add to the revenue part of the budget—this is an axiomatic truth. This has to be done in keeping with Ukrainian legislation, in order to avoid again creating a mess that will not add anything to our meager budget. First of all, probably, we need to join the process of privatization, which is proceeding full speed in Ukraine but has been frozen in Crimea by political hysteria. Meanwhile, as the fervent defenders of Crimean property zealously watch over it day and night, the so-called criminal privatization successfully gets underway in Crimea. The result: Look but do not touch...

I think that adoption of the budget became for many parliament members a milestone of sorts on the road of revising their previous positions and walking away from delusions. First and foremost, regarding the pileup of myths that in this difficult time the peninsula can manage without integrating itself in the national-economic complex of Ukraine. This integration is the only road to economic stabilization in Crimea, which in the future will permit bringing up the question of greater indepen-

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dence for our autonomy and moving intergovernmental relations to a higher level.

In my opinion, this realization was accelerated by the first political statement, made at the Wednesday session by Crimean Supreme Council Chairman Yevgeniy Suprunyuk. In the preceding days, many mass media engaged in sarcastic, and sometimes nasty, commentary regarding the new speaker. My colleagues for some reason wanted to impress it upon their readers that the hand that is used to hold a scalpel is stronger than the hand that is used to handle a fire hose... For me personally, the theory of "strong hand" is disgusting altogether in its Philistine cowardly confidence that the punishing hand will reach everybody except the adherent of this theory. As to the strength of position, I would suggest comparing S. Tsekov's well-known speech in the Russian State Duma with Ye. Suprunok's statement the day before yesterday.

While in the former everything revolved around ambition, and lust for power was disguised by a false idea of ethnic suppression (just look at the "facts" regarding officers being sacked from the Crimean MVD [Ministry of Internal Affairs] on the basis of ethnic origin, quoted in the State Duma!), in the latter even opponents sensed political realism. Judge for yourself: "It is necessary to throw out the topic of where Crimea belongs territorially. I am convinced that these meaningless arguments are not where the true interests of Crimeans really are. We need to take realistic steps that would permit people of different ethnic backgrounds to have full conditions for living, developing their culture, and contacts with families and friends living outside Crimea. Any other road leads us into interethnic conflicts, destabilization of the situation, and has a negative effect on the economy."

Can anyone today, glancing across CIS expanses, argue with these words? Interestingly, those who in the past disagreed with this approach, for some reason traveled to Cyprus, Switzerland, China, or The Hague. They would not come within cannon's shot—alas, in a direct meaning of the word—of the Dniester area, Karabakh, Chechnya, or Abkhazia, which are now engulfed in fire. The new speaker is used to putting out fires, but, as any professional, he knows the value of prevention. And although he, unlike his predecessor, never took the Hippocratic Oath, it looks like he has learned well the "Do no harm!" commandment. And anyway, one cannot do any more harm than already has been done. It is time to think about mending.

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Belarus

Chyhir Speaks at Independence Day Festivity

LD2607184395 Minsk Radio Minsk Network in Belarusian 1600 GMT 26 Jul 95

[Prime Minister Mikhail Chyhir speech on 26 July on the occasion of a festive session of the Belarusian State Philharmonia dedicated to Belarusian Independence Day — recorded]

[FBIS Translated Excerpt] Dear compatriots, esteemed participants in the festive rally! [passage omitted]

On 27 July 1990, the Supreme Soviet passed a declaration on state sovereignty of the republic. On 25 August 1991, the declaration was given the status of constitutional law. This position was strengthened by the adoption last year of the Constitution of the Republic of Belarus. In the Constitution, our country is proclaimed a democratic, social, and law-governed state. The Constitution provides for the establishment of powerful presidential powers; and that requirement of the fundamental law has been put into practice. As a result of the first free, truly democratic elections in the history of our country, Alyaksandr Rygoravich Lukashenka became the president of the Republic of Belarus. Last year saw the anniversary of his taking office as head of state and the start of government activity under his Presidency.

So it seems to me that we have a basis for speaking about the results of what has been done in that time, if only in general terms, very briefly. First of all, we must note the great amount of work done in construction of the state and establishing our state as sovereign and independent. [passage omitted]

The forecasts of those economists who foretold the total collapse of the national economy did not come true. [words indistinct] There was no disastrous slump. Despite the fact that the situation remains complicated and very contradictory, we have certain positive results. In the first half of this year, almost 500 enterprises, or one in three, (?increased) their volume of output. This is a step in an economic upturn. Our economy is gradually gaining new traits. [passage omitted]

Enterprises are increasingly adapting to the demands of the market, and that is encouraging. We have recently seen a considerable drop in the inflation rate. It is being managed, moreover, not by administrative, but by economic methods. Today we should also note the strengthening of the national currency. [passage omitted]

Over recent months, positive trends in wage rises and people's incomes have been observed. Of course, we are still far from a complete stabilization of the economy. [passage omitted]

I appeal to all those upon whom the fate of the harvest depends to do everything possible to ensure that what has been grown is harvested and stored. [passage omitted]

Many of our traditional markets have been lost. For that reason, the president and the government are striving to get all enterprises to establish firm commercial relations with new partners in the near and far abroad. The president's efforts aimed at economic integration of Belarus with members of the CIS and close (?ties) with Russia and Ukraine are especially supported and approved by the people. [passage omitted]

The economic policy being conducted by the government under the president's leadership meets with a positive reaction in international financial organizations, first and foremost in the leadership of the IMF. [passage omitted]

Overall, the prestige of Belarus is growing in the world community. [passage omitted]

Belarus is not taking part in international and regional conflicts and clashes, and recent events prove that this a great achievement which should not only be honored, but cherished. [passage omitted]

Belarus has the potential to ensure a stable development of its economy, to guarantee a dignified life to all its citizens. That is our main aim and our sacred obligation. I am convinced that by uniting our efforts, we shall definitely attain success, and our independent country is capable of occupying (?a worthy) place among states and peoples. Happy holiday, dear friends, happy Independence Day! I wish you and your families happiness! [words indistinct] [applause]

Interview Profiles Lukashenka's Close Aide

WS2707093095 Minsk BELAPAN in English 1410 GMT 25 Jul 95

[Interview with Viktar Kuchynski, Ukrainian president's assistant for special commissions, by Halina Ayzenshtadt; place and date not given: "We have to live and not to lose heart" — first 6 paragraphs are BELAPAN introduction]

[FBIS Transcribed Text] Kuchynski Viktar Frantsevich was born in 1958. He graduated from the Belarusian State University (BSU), specialising in history, earlier graduated from a military-political school, now studies by correspondence at the faculty of law at the BSU. He is married and has two children.

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Viktar Kuchynski's political career began when he was elected an MP in 1990. He put himself up for election in Kobryn, the Brest region where the military unit of Senior Lieutenant Kuchynski was disposed at that moment. His manifesto was based on theses about the liquidation of privileges, criticism of unlimited rule of the Communist Party and improvement of the living standards of the people...

During the work in the so-called parliamentary anti-corruption commission which was formed according to a decision of the Supreme Soviet he found himself in circles closely connected with Alyaksandr Lukashenka. Lukashenka headed this commission, and Kuchynski became one of its most active members. Since then, as some people from the President's team claim, their good relationship developed into one of friendship. No wonder that Kuchynski stated once that he is "ready to support the President with a grenade cup discharger." Against the background of other people surrounding Alyaksandr Lukashenka, Viktar Kuchynski is distinguished by his irrepressible energy, readiness to take up any work and his inclination "to give it to everybody straight from the shoulder..."

In 1995 Viktar Kuchynski put himself forward again in the same Kobryn election district. Explaining his decision to take risk in the same district he said, "I am afraid of nobody and of nothing, I have always fought for truth and will continue to do so." The voters have supported Kuchynski for the second time - he became one of the small group of candidates who have been elected to the Supreme Soviet in the first round. Moreover, Kuchynski is in the "golden" ten of deputies in whom the people placed their confidence with the interval of five years.

Nobody from the President's team has so many legends, myths and anecdotes about him as the President's assistant for special commissions Viktar Kuchynski. The most surprising fact is that no journalist has ever tried to prove any of them in a conversation with Kuchynski himself. No wonder that at the beginning of the interview he expressed gratitude for such a good attitude toward him, thus estimating the desire to talk to him! To the question "I would like to learn from Kuchynski himself who you are and what you are. Nobody knows anything exactly about you," he answered with emotions characteristic to him: "I am not an actor and so not everybody knows me! I am 37, married, have two children: a son, 13 years old, and a daughter who will be 15 in August. I graduated from military-political school and from the Belarusian State University, specialising in history. I study at the faculty of law by correspondence. I like to read and I play the bayan."

Interest in the personality of Kuchynski has increased recently due to rumors that he is going to put himself up for the post of speaker at the new parliament. Is this really so? Taking into consideration the fact that there have been no deputies elected from the city of Minsk, I decided to go to a sitting of the deputies from the Minsk region, Viktar Kuchynski explains. If the people have elected me deputy, then, probably, I have to represent Minsk to some extent, because I live in the capital. There a group of deputies suggested that I be put forward as a candidate for the post of the Chairman of the Supreme Soviet when applications are filed. I answered in the following way, "If there is such a filing I will not refuse. I have never played political games and have always had my own point of view on the development of events happening in this country. This is why I consider that, with the situation having changed and with the present Supreme Soviet which is not the Supreme Soviet of the former parliamentary republic and whose functions have also changed, its leader has to be a wise person with strong will-power..."

[Ayzenshtadt] Do you possess these qualities? I remember you announcing at a sitting of the Supreme Soviet that you are ready to support the President with a grenade cup discharger. How can you work as the speaker who has to be flexible in relations with people and while making decisions?

[Kuchynski] I have never had any grenade cup discharger. I have always approached decision making in accordance with the law. As a man who has shoulder-straps I have never been in service to anybody, but serve the state, the constitution and the law. I do not like it when one person is attacked by everybody. Especially when the leader has not done anything for which he should be criticized. I supported the President and do not regret having done so... I will have enough inner will-power to organize the work of the Supreme Soviet so that this were an organization, and not the place where, excuse me, people are gathering to "chatter." The work of the Supreme Soviet should be organized so that it, together with the President and other leaders of the power (executive, judicial) work in the same direction - to adopt laws improving the life of our people. But if the Supreme Soviet again turns into a "slough," if there again is political squabble - who is right and who is wrong - and if political dogma, not practical questions, again form the basis for its work, it will be fruitless. There will be the former situation. Our present deputies who have been recently elected have to know that after the joy of their being elected is over they will have to work. This work will be difficult. Not only because they represent different parties, but because the life of people is difficult today. We also have to enhance the prestige

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of the Supreme Soviet. This will be most difficult - to prove to the people that our Supreme Soviet is really a parliamentary branch which will stand for the constitution and the law and which will fulfill the functions provided to it by the constitution.

[Ayzenshtadt] You will have quite enough talent for organization. But what about that flexibility?

[Kuchynski] I would begin work in the Supreme Soviet by learning about the problems of every deputy. The work of parliament should be organized so that our deputies go to the theatre and establish contacts with intellectuals... The work of the Secretariat should be also organized so that there are competent people. I cannot say that they are incompetent now, but there should be competitive selection for the work in the Supreme Soviet. We have to establish contacts with the Institute for State Construction and to settle a lot of other problems. We have to act so that every person related to the Supreme Soviet runs his own business.

[Ayzenshtadt] You won at the present elections. Because you represent Lukashenka's team?

[Kuchynski] No, not due to that. There were other people from Lukashenka's team, but they were not elected. I won, because I am Kuchynski. I was the man who had worked for five years in his district. During five years of my work I addressed more than two thousand people. About eight hundred appeals have been directed by me to other departments. I fought for my people.

[Ayzenshtadt] One time you abandoned Lukashenka's commission when it was to be dismissed. Then you appeared in the President's team again. Was this a deliberate step or did you see that Lukashenka was going to win the presidential elections?

[Kuchynski] I have never ran from anywhere, and I did not from the commission. This was quite different a case. The fact was that our Soviet was divided into "black" and "white." Those who went on business trips abroad and those who had to do routine work. When I came to the Supreme Soviet I did not have the experience of bureaucratic work as that of those who came, for example, from the Communist party. I was an officer and came from the army. Where was Kuchynski directed? To the commission on privileges, to that on struggle against corruption... The slough which was in the Supreme Soviet and which had to be drained - I was there. I could not refuse, or else they would brand me somehow... During work at the Supreme Soviet I had some fluctuations from right to left, but I preserved the core from which I had come. I have always had my own point of view, and I defended it.

[Ayzenshtadt] You are the only assistant for the President on special commissions. What are these special commissions?

[Kuchynski] According to the functional responsibilities that I have today, I, first of all, fulfill the personal assignments of the President. It is clear that specific problems arise not every day. For example, I had to settle the problem of the automatic lines factory (they had almost a strike there) and of the engine works. Metro representatives have also visited me... I met Yuriy Luzhkov to hold negotiations on the development of the trade and economic relations between Moscow and the Republic of Belarus.

[Ayzenshtadt] If there are no special assignments of the President, what do you do then?

[Kuchynski] I deal with the problems which are to my mind the most important today. For example, I met a Georgian representative who wanted to shoot a video about Belarus. I directed him to the television studios. By the way, he said that he has been everywhere in the former Soviet Union, but he likes Belarus most of all.

[Ayzenshtadt] Probably, if compared with Georgia...

[Kuchynski] Not only with Georgia. Even in comparison with the Russian Federation. Because Moscow, St.Petersburg, major industrial centres are not the whole Russia. Russia is a province. Whatever is said, we are situated in the centre of Europe. The Republic is small. This is why I consider that we are not to lose heart, but to do everything to survive. To survive we have not to rest, but to solve the problems which concern the life of our people.

[Ayzenshtadt] What is your estimation of the social and political situation in the Republic? Is the President always right in his actions?

[Kuchynski] Whether he is right or wrong - this is for people to decide. Everything will depend on how we live. Certainly, the situation in the Republic is not too good. I repeat: We have to do our best to improve the situation. For example, there is a lack of foodstuffs in Russia. This is a big market for us. We have to trade normally! If we sell our produce at dumping prices, we shall never benefit. Why are our warehouses overloaded with production? They say that there is no market. I say that there are no brains! The market will absorb everything today - from a nail to machine-tools. All we need is to deal with these problems! We have to not lose heart. We must have discipline in society and the technological discipline of operation processes. It is certainly necessary to regulate our tax legislation, because we are saving kopecks and losing rubles.

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[Ayzenshtadt] Probably, it is not only bad work, but also flourishing corruption that prevents the situation from improvement.

[Kuchynski] This corruption has been made legal by the people who are now high ranking. I mean our Supreme Soviet. Why? If 99.9 percent of property belonged to the state and we decided to develop the market relations, then we had to act differently. I see this today and how we should have acted. The enterprises which were not necessary for the state should have been evaluated and their shares should have been issued, let the people buy them (they had money on their savings accounts then). The right for private property should have been legalised. A person should buy everything with his own money. We had everything different. At first, there was a law on cooperation, then on entrepreneurship, on the state enterprises... What did we do? We acted according to the "divide-and-rule" principle! Today, when everything is "torn," everything has to be recreated. When the redistribution is over, everything will return to its place. .... Why are all these Americans, Belgians and Germans rushing to the Russian market where raw materials are extracted? And we, Belarusians, who have been building roads, extracting gas and oil together with the Russians for more than a decade, why should we rest and wait until somebody brings it here? Why do we not participate in restructuring enterprises into joint-stock ventures on the territory of Russia? We are ten million. We know the needs of our plants, we consider what we can produce ourselves and what we have to buy. .... Why should we ask for a loan from the International Monetary Fund? We could take investment from our people if we adopted this decision as a law... I repeat: There should be a systematic approach, everybody has to work. We have to develop the trade and monetary relations so that a person knew that if he produced five items he would get a hundred rubles, and if he produced ten items he would get two hundred... To achieve this we have to fight for both the sales market and the raw materials market...

[Ayzenshtadt] What is your attitude to the slogan "Let Belarus Live!" which one can often hear at meetings of the Belarusian Popular Front?

[Kuchynski] I accept it, because Belarus is my motherland. One does not choose his mother and father. One does not change beliefs! One does not betray his Motherland!

[Ayzenshtadt] It seems that there will be no such an opposition in the new parliament like that in the old. Do you think that we need the opposition in the Supreme Soviet at all?

[Kuchynski] Let it be! It disturbs nobody. If the interests of a group or of a party dominate there I will put the question as to what is more important - these interests or those of the Constitution?

[Ayzenshtadt] It is claimed in information distributed by the RID agency that you have become almost an oppositionist to the President, take part in the work of some "shadow committee" formed by the Movement for Democracy, Social Progress and Justice and agreed to "head" the KGB. They seem to have selected a post that would match your hot-tempered nature.

[Kuchynski] I do not have a hot-tempered nature, I have my nature! If a person has nothing, he keeps silent and just observes what is being done in his district... Why was that information issued in the peak of the election campaign? To strike Kuchynski from behind! Voters would think: Look, what a person he is who have been our deputy, what he is doing now. They hoped to bring me harm by this. On May 28 I sent a request to the Prosecutor-General to investigate all facts connected with that "shadow committee." I received an answer signed by the Deputy Attorney General Yurevich. For the distribution of unproved information the RID agency has been officially warned that in case they do this once again the Office of Public Prosecutor will sue them for the suspension of their license. After the first time the agency was officially warned, they presented their apologies to those who had suffered. Every journalist has to provide information that he can support. Nobody addressed me in this case. If they had I would have said that I have never participated in the work of any committees, "shadow" or other.

[Ayzenshtadt] Has the President talked to you about that?

[Kuchynski] I informed the President myself. I do not think that he considered that significant, because he knows me. If I work with the President I have to help him and not to be reasoning on political topics which may lead to instability in society. This is my attitude. I serve the Motherland. I serve not to Lukashenka, but to the President. The President is Alyaksandr Ryhoravich Lukashenka. This is why we have to work with this man irrespective of whether anybody likes that or not. Especially because he has not brought any harm to the state in a strategic aspect.

[Ayzenshtadt] And in a non-strategic?

[Kuchynski] In a non-strategic sense, it would probably be even worse if this post was taken by somebody else, because in the state headed by Lukashenka the situation was as follows: there were no money in the budget, and a lot of work had to be done in the autumn to prepare

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for the winter and to endure it. Whatever they say, it is warm and light today, and bombs are not falling. Look at what is happening on the territory of the former U.S.S.R.

[Ayzenshtadt] It is surprising that people who are not liked by the population have come to the presidential vertical. The population hoped that the President would save them from these people and yet he has not saved them but assigned them to represent himself! Is this a deliberate policy - to take a "defamed" person so that it were easier to give him up and make him a "scapegoat"?

[Kuchynski] I could agree with you about the form, but I cannot agree about the essence. Because the President has the right to appoint any persons in whom he has confidence, or due to other considerations. This is President's business and his competence, and this may not be interfered in by anybody. Moreover, it is easier to ruin than to create. In 1917 everything was ruined, but later foreign experts were invited to come here and help to build something. If we speak about bureaucracy, then the largest bureaucracy is in the United States of America. Nevertheless, nobody protests there, everybody is doing his business. We do not need fuss about that. We have to quietly, with understanding, without the search for swindlers, sit down at the table and find solutions. Here is an example. Two houses are on fire. One family takes buckets and starts to put out the fire. The other runs around their house crying: "Fire! Fire! Fire!" They cried until everything was burned. I think that this example impressively shows what is going on in this society.

[Ayzenshtadt] Do you think that Belarus will exist in the 21st century as an independent state?

[Kuchynski] I think that it will! There is the Constitution, the President, the government, the army - all state institutions, they have never been abolished. I stand for the existence of the Constitution of the Republic of Belarus. All other questions, especially those about a union, may be decided only by the people at a referendum.

[Ayzenshtadt] Judging from the recent referendum, at a new referendum the people may support the union with Russia. Will this mean the end of Belarus?

[Kuchynski] Who says today that we will enter Russia as a province? Nobody says this!

[Ayzenshtadt] Does this mean that Belarus may have a future in the 21st century?

[Kuchynski] There will be a future. Because this Republic is situated in the centre of Europe. Our people are sociable. We are mono-ethnic. We do not have any grounds to say that we will not exist. We have intellectual potential, decent technical level (80 percent of our enterprises have been built during the last thirty years). We have everything. There is probably a lack of organization, but the President is taking all measures to introduce order. The order does not mean that it is necessary to take a truncheon and strike heads. The order means: People have to understand that today the wealth of everybody depends on how he works. Those who work with a machine-tool must not produce defective goods, their production must be necessary to somebody. Those who sell this production have to know: If they only care about their pockets, they will lose everything. Today everything should be socially oriented. We have both to consult people and to protect the interests of the state, first of all, economic interests. Not to create the situation when, for example, some Austrian firm is intermediary between Moscow and Belarus, or when potatoes from Poland are delivered across the Republic to Moscow. How bad is our work on the recreation of economic relations with the republics which earlier comprised the U.S.S.R.? Why can't we receive citrus plants from Georgia if they are twice as cheap as those from distant countries? We have to live and not to lose heart. We have to remember that we have children and the state... We have all the grounds not only to survive, but to live no worse than others.

Article Views Current Political Developments

WS2607145195 Minsk BELAPAN in English 1410 GMT 25 Jul 95

[Article by Lew Kryvitski: "Opposition of Political Forces To Sharpen in Belarus," from the "Analysis, Commentaries, Forecasts" feature No. 41 19-25 July]

[FBIS Transcribed Text] The state of Belarusian industry has sharply worsened lately. A wrong economic strategy of the authorities becomes all the more vivid. This leads to a deeper gap between the strictly maintained stability of the financial system and the growing instability of dying industry which is slipping into an abyss due to a lack of investment. The volume of produce which remains in warehouses reached 43.6 percent of the total volume of production. Due to continuing delays in paying wages there is a sharp growth in the strike movement. The tension between differently orientated forces is growing against this background. Efforts of the President of Belarus to introduce "important" decrees on liquidation of privileges and ban to both receive pensions and work caused misunderstanding and disappointment among a lot of his supporters who represent the old generation. By sending these decrees to be improved, Lukashenka confirmed that his work and approach to the state problems are insufficiently considered and carried out under influence of

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impulses. The President appears on TV and before the press to justify his actions and to reproach his criticisms in an offended voice with faint notes of aggression. The necessity of these justifications is determined by the very inactivity and inability to improve the situation without radical steps on reforming the economy. Instead of taking necessary and urgent measures on saving the degrading economy, he is constantly defeating the "enemy" standing on the way of improvement planned by him. The number of these "enemies" is growing, though. Democratic parties responded to the defeat at the May elections by a new strive to combining their efforts. This respond is very good. The Social-Democratic Union was formed which is a sketch of a new powerful Social-Democratic Party of Belarus. A new union of liberal parties is being formed which has already been entered by the United Democratic and the Civic Parties, the Movement for Democratic Reform is likely to join them in the near future. The Party of Communists is experiencing elation. They are planning the nationalization of commercial banks and recreation of the U.S.S.R. Still more horrible utopias are invented by the parties which lost at the elections like the so-called Liberal-Democratic Party of Belarus (LDPB) and the Slavic Assembly "Belaya Rus" [White Russia] (SABR). The leader of the LDPB Kryvenka forecasts a global expansion of the joint Russian-Belarusian companies and "young wolves" in politics which are enthusiastically dwelled upon by his ideological idol Vladimir Zhirinovskiy in his book. In the internal struggle within his own party Kryvenka has achieved a decisive victory by a voluntary dismissal of the deputy chairman Syarhey Haydukevich. The leader of the SABR expects to completely defeat "nationalists" by "unionists" in the Republic. All democrats and supporters of sovereignty are referred to the former group. The nature of everything is learned in comparison with something, as the old saying goes. Democrats are inferior to communists and Slavophils in organization and management. Even in a bad dream one cannot imagine an introduction of the right to voluntary dismiss a chairman of a democratic party as it was done by Kryvenka with respect to Haydukevich. Nevertheless, democrats can learn from their own mistakes and change their political direction when necessary, even at the expense of their former respected leaders. It is precisely the change of leaders in the Belarusian Social-Democratic Hramada [Assembly] (BSDH) — Stankevich instead of Trusaw who was more inclined to cooperate with the BPF — and in the Party of People's Concord (PPC) — Sechka instead of Karpenka who was more inclined to cooperate with the liberals — which made it possible their closing in. As a result of this, representatives of the BSDH, the PPC, the Party of All-Belarusian Unity and Concord and the Party of Common Sense signed a protocol about the formation of the Social-Democratic Union (SDU) on the basis of these parties and issued a declaration on intentions to unite into the Social-Democratic Party of Belarus.

A meeting with the members of the Communist faction in the new parliament which was organised by the press office of the Supreme Soviet showed that they want to become a faction supporting the President. The leader of the faction Vasil Novikaw noted that these are only the left who can establish cooperation with Lukashenka. They plan to support the presidential pool of laws (probably, irrespective of what these laws are). The three first questions of the President's referendum are the programme provisions of the Party of Communists. "Lukashenka's electorate is our electorate," Novikaw plainly said. "We understand that the President is experiencing difficulties, and we want to come to help him." Communists keep to their principles: They claim that they are on the side of "common people," but in fact they support the authorities and fulfill their caprices. Such is this party. Still more sophisticated ideological doctrine is declared by our Slavophils. The chairman of the SABR Mikalay Syarheyew is convinced that only two conventional political parties which were formed long ago continue to fight in Belarus. The first which stands on the position of the all-Russian union may be called "unionists" and the other may be called "nationalists" due to its pro-Western cultural and ethnic structure. The major part of political posts has been occupied by the nationalists to whom Syarheyew refers Shushkevich, Paznyak, Karpenka, Dabravolski, Bahdankevich and others. Except the most important post, because the people have not made a mistake and efected a representative of the unionists and of "their" interests to the post of President. [sentence as received] Though, after the elections the pro-Western structures introduced by force the so-called anti-crisis programme elaborated by the IMF. The implementation of this programme has lead to a worsened situation in the industry, agriculture and of the population itself. These were its true reasons.

Therefore, the true objective of elaboration and implementation of the President's anticrisis programme was to worsen the situation in the economy and in people's life. This was planned and implemented by sinister Western circles and those supporting them — the nationalists. The same nationalists are to blame for the dead- end where this programme finds itself now. The surprising thing about these approaches is that they completely refuse to consider well-known facts which sometimes turns into a stiff reluctance to read newspapers. If our politicians who thinks he defends interests of Slavs made his conclusions about events not at random,

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then, after reading one of the state-possessed papers controlled by the President, he could learn interesting facts. He could read that the Anticrisis Programme was elaborated not by the IMF, but by the team of unionists from the presidential circles. Lukashenka insisted on adopting it by the Supreme Soviet where the so-called unionists had the majority of votes, neither Shushkevich nor Paznyak nor Karpenka nor Dabravolski were in power then and were not connected with the implementation of the President's programme, it was due to Bahdankevich that the stabilisation of the ruble rate was achieved, the credit for which is taken by the people-elected President, it was precisely Lukashenka who headed the implementation of this programme through the appointed Cabinet and his protege Chyhir. [sentence as received] These are precisely them who continue to build the whole of their economic policy on unstable hopes for the Russian unity instead of transferring reform from the sphere of finance into the sphere of production, repeating the mistakes of Syarheyew and Kebich.

Three Parties To Merge Into Social Democratic Party

WS2707083495 Minsk BELAPAN in English 0640 GMT 27 Jul 95

[FBIS Transcribed Text] In Minsk on July 25 the leaders of three parties: the Party of All-Belarusian Unity and Concord (PAUC) - Dmitriy Bulakhaw, the Belarusian Social-Democratic Hramada [Assembly] - Mikalay Statkevich, the Party of People's Concord - Leanid Sechka signed the Declaration on Creation of the Social-Democratic Union. The Social-Democratic Union declares its devotion to the principles of global Social Democracy: liberty, justice, equality and solidarity. Commenting on this event, Dmitriy Bulakhaw noted, "Three parties recognize political pluralism as the main quality which helps a normal person live in a normal society". He also stressed that the created union will soon grow into the Social-Democratic Party and that this will be a non-ideological and renewed party which will adopt all rational forces and keep safe from all extreme exigences both from the right and the left. Mikalay Statkevich remarked that the new public union is directed, first of all, at the social security and that this union will undoubtedly be fruitful. The Social-Democratic Union stands for strengthening of the state sovereignty of Belarus, and among his most important tasks it distinguishes favouring resolution of the economic crisis in the Republic with fair distribution of difficulties of the transitional period between all strata of society, conducting urgent economic transformations with effective use of national wealth in the interests of every member of society, the development of self-government of working collectives and the creation of a valuable system of provision of pensions... It was also noted that at the autumn elections to the Supreme Soviet the Union will put forward its own candidates and will insist on the creation of a working parliament and influential local power organs. At first, the fourth party was expected to join the three parties - the Party of Common Sense. But its representative stated that although the executive committee positively estimated this step, but they would prefer to see broader union of democratic forces. The decisive word on possible joining or refusal to join will belong to the party congress. Although they planned to sign the documents at 4 p.m., this procedure was delayed. Stressing the continuity and revival of Social Democracy in Belarus, the organization committee decided to hold it in the museum of the 1st Congress of the Russian Social-Democratic Labour Party. When the participants of the ceremony arrived at this historical building they were met by a picket of communists who had a placard with the following words "The Museum Is the Property of the Marxist History of Global Importance. May We Not Stand Outrage of Nationalists and Communists Over Our Museum". The picketers tried to prevent signing of the declaration, but they were forced to leave the premises of the museum.

Moldova

Sangheli Seeks Confiscation of Gagauzia Weapons

LD2607185095 Moscow INTERFAX in English 1614 GMT 26 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolai Zherebtsov, Andrei Petrovsky, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Prime Minister Andrei Sangheli said on Tuesday [25 July] his government would do its best to have all weapons and ammunition held by the population of Gagauzia, an autonomous ethnic region in the south of the country, confiscated as quickly as possible.

"The situation in some parts of Gagauzia is not easy today, but Chisinau will make efforts to ensure that the process of confiscation of weapons is carried through in a civilized way, without the use of force," Sangheli said in a television program.

He said Gagauzia's population today held at least 500 pieces of small arms.

IF Note: Several days ago Moldova's parliament ordered that no legal action be taken against those Gagauzes who have voluntarily surrendered their weapons before August 27.

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Gagauzes have been arming themselves since 1990, when the region proclaimed itself an independent republic. Chisinau attempted to cut short the independence drive, but only this year, after lengthy talks, was a solution reached to the conflict, with the region being given the status of an autonomy within Moldova.

Gagauz Paramilitary Group Begins To Surrender Weapons

AU2607131095 Chisinau INFOTAG in English 2001 GMT 25 Jul 95

[FBIS Transcribed Text] Comrat INFOTAG, 25/7/1995 — The Bugeac Battalion and common residents began to surrender arms in the Gagauz region.

Moldovan Prime Minister Andrei Sangheli personally observed the procedures on Monday, 24 July.

The Bugeac Battalion was the single armed formation of the former Gagauz Administration and a source of problems for the new authorities. The resolution of the conflict was brought about by the Law on Amnesty.

In his interview to the national radio, Sangheli communicated that the Bugeac divisions in Chadir-Lunga and Vulcanesti are more willing to give in arms than in Comrat. According to the law-enforcement bodies the population of the south holds over 500 guns. Those who voluntarily surrender arms before 27 August will be spared criminal persecution.

The Ministry of Internal Affairs is responsible for employment of all Bugeac soldiers in its own organs or other organizations.

Andrei Sangheli called the population of the south to surrender guns with the police in Chadir-Lunga, Comrat, and Vulcanesti before 27 August.

Dniester Bans Destruction of Obsolete Weapons

LD2607182895 Moscow ITAR-TASS in English 1624 GMT 26 Jul 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU, July 26 (ITAR-TASS) - Igor Smirnov, leader of Moldava's breakaway Dniester region, has banned the destruction of obsolete ammunition belonging to the Russian 14th army formerly deployed here, a reliable source in the army headquarters told ITAR-TASS on Wednesday [26 July].

In early July, army engineers started blowing up explosives which were so obsolete that could not be transported to Russia along with the army's planned pull-out. An agreement to explode old shells and mines was reached during Russian Defence Minister Pavel Grachev's visit to Moldava.

The source did not say whether Smirnov forwarded any grounds for his ban. The former 14th army commander, Aleksandr Lebed, mentioned that earlier Chisinau and Tiraspol rejected his repeated proposals to explode obsolete ammunition under the pretext that it could damage the environment and provoke an earthquake.

According to the troops' new commander Valeriy Yevnevich, he had received a green light from both Chisinau and Tiraspol to start exploding old ammunition in a remote quarry under the most tough safety precautions.

Over 2,000 freight carloads of explosives, some produced before 1940, are stockpiled in ammunition dumps near the village of Kolbasna. A part of explosives is kept in the open, and as Yevnevich put it, a single accurate shot would be enough to blow up this giant powder keg.

Opposition Criticizes Amnesty for Dniester Rebels

AU2607133995 Chisinau INFOTAG in English 2001 GMT 25 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 25/7/1995 — The opposition Christian-Democratic Popular Front of Moldova [FPCDM] criticized Parliament's decision to grant amnesty to the individuals who had committed crimes during the armed conflicts in Gagauz-Eri, in eastern regions of Moldova [Dniester region], and in the town of Bender.

"In the name of civil peace and to mark the first anniversary of the Constitution" the Law on Amnesty, passed by the Parliament last Saturday [22 July], released the persons convicted or persecuted for participation in the armed conflicts in the south of Moldova (autumn 1990) and Dniester (spring-summer 1992.) The amnesty spreads to the persons who will voluntarily give in guns and ammunition before 27 August 1995.

The newspaper TARA of the FPCDM wrote that the amnesty would be profited by those who had fought against the constitutional order in Moldova.

The FPCDM proposed that the amnesty should come into effect only upon release of the four Moldovan citizens (the Ilascu group) illegally convicted in Dniester. The opposition demanded detailed information on persons granted the amnesty including crime specifications. Parliament denied the request by the majority of votes.

"Lucinschi's [parliamentary speaker] persistence on the law is understandable and conditioned by the current political turmoil. He cannot afford to be less generous than Snegur. As usually, the election campaign pumps up the price of philanthropy. It aims for turning the desperate and hungry people into the "presidential electorate." Votes are in big demand, writes TARA.

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The Socialist Unity parliamentary faction thinks that Dniester should meet the amnesty enacted by the Parliament of Moldova by reciprocal initiative.

Mikhail Sidorov, member of the faction, informed that the amnesty was initially proposed by the Socialist Unity, and only later picked up by the President.

"Parliament should be more active in its attempts to put the Dniester turmoil to rest. Public participation in the dialogue between Moldova and Dniester inspires hope," said Mr. Sidorov.

The head of the Parliamentary Commission on Human Rights and National Minorities, Vladimir Solonari, highly assessed the intended psychological effect of the amnesty. "The amnesty is a message to the population. We expect the grass roots to lay pressure on the Dniester Administration. The amnesty aims for national reconciliation," said Solonari.

Mr. Sidorov shared the FPCDM's concern about the future of its member, Ilie Ilascu, and a group of Moldovans imprisoned in Dniester. "We hope that the amnesty will help to solve this problem," said the Socialist Unity representative.

The leader of the Socialist Unity, Valeriu Senic, proposed to set up a commission to trace the causes of the armed Dniester conflict.

The ex-chairman of Dniester Parliament, Grigoriy Marakutsa, thinks that the two sides in the conflict should stop awarding medals "For the Defense of Moldovan Territorial Unity" as well as "For the Defense of Dniester." The Tiraspol radical powers are reluctant to make concessions to Chisinau and release the Ilascu group.

Lucinschi on Situation After Ruling Party Split

AU2607132195 Chisinau INFOTAG in English 2001 GMT 25 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 25/7/1995 — The chairman of Parliament, Petru Lucinschi, thinks that the recent political developments [splitting of the ruling Democratic Agrarian Party of Moldova — PDAM] deprived Parliament of efficient majority capable to work on legislation.

He noted that migration of MPs between factions is not a new phenomenon and in some countries is known as "interparliamentary tourism."

"We try not to dramatize the situation. The faction of the parliamentary majority will have to actively cooperate with the rest. The MPs quitting of the PDAM was painted too dark, there was no real dictatorship within the party. They chose the worst path to follow," said the speaker.

He spoke against withdrawal of the 11 ex-members of the PDAM from Parliament, but duly left the final decision with the DEMOCRATIC AGRARIAN PARTY OF MOLDOVA.

"During the election campaign we thought of setting up an election block of the centrist powers — such as the agrarian-democratic, the social-democratic, or the republican one. We did not reach agreement on this issue, and thus members of the parties other than PDAM had run on PDAM ticket. They could have made a mistake, which can be corrected only at the next elections," said Lucinschi.

He encouraged Parliament to reach consensus on the name of the official language: "Confrontation leads to deadlock and to over-politicize this issue means looking for trouble."

"Parliament agreed that Moldovan and Romanian languages are identical. We shall proceed from that. We may pass a law leaving the language's name for the free choice of each individual," said Petru Lucinschi.

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Kazakhstan

Pressure From U.S. on Caspian Sea Issue Denied

LD2607174895 Moscow INTERFAX in English 1439 GMT 26 Jul 95

[FBIS Transcribed Text] ALMATY, July 26 (INTERFAX) - Kazakhstan "will not sign a single decision on any aspect of the Caspian Sea's use which contains aspects of a definition of its legal status," Kazakh Deputy Foreign Minister Vyacheslav Gizzatov told INTERFAX in Almaty on Wednesday [26 July].

According to Gizzatov, the status of the Caspian Sea "should be defined in a single conceptual document."

The high-ranking diplomat said the issue will be the focus of a meeting of the legal department heads of the foreign ministries of the Caspian states (Russia, Kazakhstan, Iran, Azerbaijan and Turkmenistan - IF Note) in Almaty in early September.

According to Gizzatov, the meeting will discuss a draft document on the legal status of the Caspian Sea submitted by Kazakhstan, because "there is simply no other."

The diplomat supported "immediate resolution of the issue of the legal status of the Caspian Sea."

In this context, he described charges leveled against Almaty, that it tries to "put off the resolution of purely practical regional cooperation issues for an indefinite period."

According to Gizzatov, Russia does not regard the Caspian issue as very important because it has many other oil fields and a developed transport infrastructure with access to the world market.

"For Kazakhstan, the exploration of Caspian mineral resources will determine how quickly the country will be able to stand on its feet," he added.

Gizzatov made it clear that Almaty did not plan to delay exploration efforts.

At the same time, the diplomat described as "unfounded" all speculation that Kazakhstan was being pressured by the U.S. on the issue.

"We determine our position proceeding from our own national interests, respect and recognition of norms of international law, principles of justice, respect for the interests of all sovereign states and concern for the Caspian environment," Gizzatov said.

Government Bans Foreign Import-Export Barter Trade

LD2607162295 Almaty VESTI KAZAKHSTANA in Russian 25 Jul 95 p 1

[FBIS Translated Text] From 29 July, all economic entities are prohibited from carrying out import and export barter trade for all kinds of products and goods from the near and far abroad. The Cabinet of Ministers has adopted a resolution to this effect. This step was undertaken by the government in order to regulate cash payments between economic entities in their deals for the purchase and sale of products, to replenish enterprise assets in circulation, and to ensure the steady fulfillment of payments into the budget.

From now on, the Ministry of Trade and Industry will not register contracts and grant licenses for exporting and importing products on barter terms. The international Kazakh agro-industrial exchange will no longer accept tenders or register contracts for export barter business. The Customs Committee under the Cabinet of Ministers is prohibited from letting products and goods in barter deals out of the republic's customs territory.

Government To Sell 10% of Major Enterprises' Shares

LD2607153895 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] ALMATY, July 26 (FIA-INTERFAX) — The government of Kazakhstan has taken the decision to sell, starting on August 1, 10 percent of the stock of the republic's largest enterprises which are under temporary management by foreign and local investors for reasons of these enterprises' insolvency.

Chairman of Kazakhstan's State Property Committee Sarybay Kalmurzayev told journalists in Almaty Tuesday that 50 percent of these shares will be sold at cash auctions and the rest for investment coupons (an analogue of the Russian privatization vouchers). Kalmurzayev believes that this measure will help invigorate the work of 170 investment funds and encourage the population to join privatization more actively.

He said that the first auctions will sell the shares of the Pavlodar Aluminum Plant, run by contract by the British company Whitesven Ltd. which has repaid the plant's debt of $1.3 million and 1 billion Russian rubles. Thanks to this British company, the Pavlodar Aluminum Plant gained a profit of 3.3 billion tenges (about $52.7 million) during the first four months of the current year.

In addition to this, the participants in the first auction will be offered blocks of shares of the

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Sokolovsko-Sarbaiskiy Ore-Dressing Enterprise and the Yermakovskiy Ferroalloys Plant.

Kazakhstan's State Property Committee reports that 14 Kazakh enterprises have been placed under temporary management of various firms, mostly foreign ones. According to the law, the managers of the said companies have the right to take from 2 percent to 10 percent of the enterprises' profits. They also have the preferential right to buy the enterprises' shares if these enterprises are privatized. They are also expected to repay their enterprises' debts to the budget and other organizations, and attract long-term investments.

Presidential Decree on Implementing Edict

954F2891B Almaty KAZAKHSTANSKAYA PRAVDA in Russian 22 Jul 95 p 1

[Decree of the President of the Republic of Kazakhstan: "On Measures To Realize the Edict of the President of the Republic of Kazakhstan With the Force of Law 'On State Regulation of Relations Involved in Precious Metals and Gemstones'"]

[FBIS Translated Text] For the purpose of realization of the edict of the president of the Republic of Kazakhstan with the force of law "On State Regulation of Relations Involved in Precious Metals and Gemstones," I decree that:

1. The Cabinet of Ministers of the Republic of Kazakhstan shall:

present to the president of the Republic of Kazakhstan proposals for the alignment of legislative instruments of the Republic of Kazakhstan with this edict;

bring decisions of the Government of the Republic of Kazakhstan into line with this edict;

ensure the revision and cancellation by ministries, departments, and state committees of the Republic of Kazakhstan of their lawmaking instruments conflicting with this edict;

draw up within two months' time rules of transactions involving gemstones and the procedure of the surrender, distribution, settlements, and the sale of valuables surrendered to the government (budget) reserve. and in conjunction with the National Bank of the Republic of Kazakhstan, the rules of the conduct of primary auctions.

2. The National Bank of the Republic of Kazakhstan shall within two months' time draw up rules of banks' management of metal accounts.

[Signed] N. Nazarbayev, president of the Republic of Kazakhstan

Almaty, 20 July 1995.

Presidential Decree on Immigration Quota

954F2876A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 20 Jul 95 p 1

["Decree of the Kazakhstan Republic President: On the Immigration Quota for 1995"]

[FBIS Translated Text] In accordance with the Kazakhstan Republic Law on Immigration, and with the aim of organizing the resettlement and proper accommodation of refugee repatriates who have expressed the desire to return to their historic Motherland, I decree:

1. To establish the 1995 quota for immigration from foreign countries in the amount of 5,000 families, as recommended by the Republic of Kazakhstan Cabinet of Ministers.

2. That the Republic of Kazakhstan Cabinet of Ministers shall:

adopt the measures necessary to implement this decree;

ensure that financial assets are allocated from the State Employment Assistance Fund toward organization of the resettlement, reception, accommodation, and adaptation of refugee repatriates in the amount of 250 million tenge;

determine the districts and population centers for compact resettlement of the families of refugee repatriates, as well as the types of farms and facilities at which they are to be provided jobs;

provide for their reception and accommodation, and ensure that necessary social and everyday living conditions are established for them;

stipulate benefits for refugee repatriates with respect to payment of housing, fuel, and electricity costs, as well as the provision of other municipal services.

3. This decree enters into force as of its date of publication.

[Signed] President of the Kazakhstan Republic
N. NAZARBAYEV
Almaty, 18 July 1995

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Presidential Edict on Precious Metals, Stones

954F2891A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 22 Jul 95 p 1

[Edict of the president of the Republic of Kazakhstan with the force of law: "On State Regulation of Relations Involved in Precious Metals and Gemstones"]

[FBIS Translated Text] In accordance with Article 1 of the law of the Republic of Kazakhstan of 10 December 1993, "On Temporary Delegation to the President of the Republic of Kazakhstan and the Heads of Local Administrations of Supplementary Powers," I issue this edict.

Article 1. Basic concepts employed in this edict

"Refined precious metals"—precious metals which have undergone a level of refinement and which correspond to international standards or standards of the Republic of Kazakhstan (in bars, powders, granules);

"State Valuables Repository (Gokhran)"—a publicly owned enterprise undertaking on a contractual basis the storage of precious metals, gemstones, and items made from them owned by legal entities;

"precious metals"—gold, silver, platinum, and metals of the platinum group (palladium, iridium, rhodium, ruthenium, osmium) in any form and condition: raw material, alloys, semi-finished products, chemical compounds, objects, scrap, and waste;

"gemstones"—natural diamonds, emeralds, rubies, and sapphires in uncut and cut form;

"metal accounts"—bank accounts opened in authorized banks for a legal entity or individual which reflect the physical quantity of refined precious metals owned by a given party;

"transactions involving precious metals and gemstones"—actions involving:

1) the transfer of title and other rights to precious metals and gemstones;

2) the receipt of precious metals and gemstones at storage sites, collections, and reserves, and also the storage and release (distribution) of precious metals and gemstones and their transportation;

3) a change in the physical and/or chemical condition of precious metals and gemstones in any substances and materials during their extraction, production, and use;

4) the importation of precious metals and gemstones, objects, and materials containing them onto the customs territory and exportation from the customs territory of the Republic of Kazakhstan;

"primary auction"—an auction at which refined precious metals made from raw material extracted on the territory of the Republic of Kazakhstan are sold for the first time;

"coarse gold"—precious metals in the form of nuggets discovered during geological prospecting and extractive operations in quarries and mine workings of primary and placer deposits of the Republic of Kazakhstan;

"tolling operations"—operations involving refined precious metals performed by individuals and legal entities in the following customs procedures: the conversion of commodities on the customs territory of the Republic of Kazakhstan, the conversion of commodities for customs control, the conversion of commodities outside of the customs territory,

"authorized banks"—banks with a license issued by the National Bank of the Republic of Kazakhstan following coordination with the Ministry of Finance of the Republic of Kazakhstan for participation in primary auctions and the management of metal accounts;

"authorized body"—a state body whose powers in the sphere of state regulation of relations connected with transactions involving precious metals, gemstones, and items of jewelry are determined by legislative instruments, the president of the Republic of Kazakhstan, and the Government of the Republic of Kazakhstan;

"items of jewelry"—articles made from precious metals and gemstones.

Article 2. Relations regulated by this edict

1. Relations connected with operations involving precious metals, gemstones, and items of jewelry listed in Article 3 of this edict shall be subject to state regulation in the forms established by this edict.

2. A state monopoly shall be in effect for relations connected with operations involving coarse gold.

Article 3. Licensing of operations involving precious metals, gemstones, and items of jewelry

The following operations involving precious metals, gemstones, and items of jewelry on the territory of Kazakhstan shall be licensed:

1) prospecting;
2) extraction;
3) conversion;
4) storage;
5) transportation;
6) manufacture of items of jewelry;
7) procurement and conversion of secondary resources containing precious metals and gemstones;

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8) operations involving refined precious metals in the natural state and gemstones.

Article 4. Control of operations involving precious metals, gemstones, and items of jewelry

A system of state control of the operations involving precious metals, gemstones, and items of jewelry listed in Article 3 of this edict, which shall be exercised by the authorized bodies, shall be in effect on the territory of the Republic of Kazakhstan.

Article 5. Accounting and accountability

1. Legal entities and individuals performing the operations involving precious metals, gemstones, and items of jewelry listed in Article 3 of this edict shall keep the established accounts and present statistical forms and records.

2. Current accounting of the extraction, production, and movement of precious metals, gemstones, and items of jewelry shall be organized by legal entities and the individual entrepreneur separately for each type of operation with regard to the particular features of the techniques of application of the precious metals and gemstones, the nature of the generation of waste, and production losses.

Article 6. Sale of refined precious metals

1. Refined precious metals produced from raw material extracted on the territory of the Republic of Kazakhstan are to be sold at primary auctions, except for precious metals exported in accordance with subclause 1 of clause 1 of Article 13 of this edict.

2. Legal entities, including nonresidents of the Republic of Kazakhstan, shall participate as purchasers in the primary auctions in accordance with the rules of primary auctions.

3. At the primary auctions the treasury of the Ministry of Finance of the Republic of Kazakhstan and the National Bank of the Republic of Kazakhstan shall have the right of first refusal of the purchase of refined precious metals and also the right to take part as sellers.

Article 7. Deals involving refined precious metals

1. Deals involving refined precious metals which have been sold at primary auctions and also refined precious metals produced from raw material extracted on the territory of foreign states shall be transacted by legal entities and individuals on the secondary domestic market by way of the reflection of the results of such deals in the metal accounts in authorized banks.

2. On the foreign market, deals involving refined precious metals shall be transacted in accordance with currency legislation of the Republic of Kazakhstan.

Article 8. Storage and release of refined precious metals

1. On the territory of the Republic of Kazakhstan, legal entities and individuals shall store purchased refined precious metals at the Gokhran or in repositories of the National and authorized banks.

2. Until their sale at primary auctions, refined precious metals may be stored at the works.

3. Refined precious metals from the Gokhran or repositories of the National and authorized banks shall be released for licensed activity.

Article 9. Transactions of the Government of the Republic of Kazakhstan involving refined precious metals

The Government of the Republic of Kazakhstan shall perform transactions involving refined precious metals at primary auctions and on the secondary domestic market and foreign markets via the treasury of the Ministry of Finance of the Republic of Kazakhstan, the National Bank of the Republic of Kazakhstan, and other banks of the Republic of Kazakhstan.

Article 10. Transactions involving precious metals

Transactions involving precious metals shall be performed in accordance with the rules established by the Government of the Republic of Kazakhstan.

Article 11. Government precious metals and gemstones reserve

1. The government shall form a government (budget) reserve consisting of precious metals and gemstones and also items of jewelry purchased by the Government of the Republic of Kazakhstan from funds earmarked in the republic budget and also precious metals and gemstones and articles and scrap from them in the form of highly artistic items of jewelry which have been confiscated, are ownerless, and have passed by inheritance to the state and have been found as part of hidden treasure and represent historical and cultural monuments and have been found during archaeological digs.

2. The government (budget) reserve shall be stored at the Gokhran. The procedure of the surrender, distribution, settlements, and sale of the valuables surrendered to the government (budget) reserve shall be established by the Government of the Republic of Kazakhstan.

Article 12. Scrap and waste containing precious metals and gemstones

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Scrap and waste containing precious metals and gemstones generated at legal entities and by individual entrepreneurs shall be subject to compulsory accounting and may be sold for conversion or used a second time at the place where they were generated.

Article 13. Exportation of precious metals

1. The exportation of refined precious metals produced from raw material extracted on the territory of the Republic of Kazakhstan in a natural condition is prohibited, except in the following instances of exportation:

1) by a foreign investor or legal entity with foreign participation who has concluded with an authorized body a contract which specifies the production of refined precious metals in the procedure determined by the contract;

2) by a legal entity or an individual entrepreneur licensed for transactions involving refined precious metals in natural condition who has purchased refined precious metals which have undergone a primary auction.

2. Refined precious metals produced from raw material extracted on the territory of foreign states shall be exported from the territory of the Republic of Kazakhstan by legal entities and individuals licensed to conduct transactions involving precious metals and gemstones without restriction.

3. Raw material extracted on the territory of the Republic of Kazakhstan and containing precious metals may be exported for refinement outside of the territory of the Republic of Kazakhstan with subsequent storage at the place where it is refined. The refined precious metals obtained are to be sold at primary auction.

4. Tolling operations involving precious metals shall be undertaken by legal entities and individuals in the procedure established by customs legislation of the Republic of Kazakhstan.

Article 14. Importation and exportation of investment, commemorative, and jubilee coins made from precious metals

The importation and exportation from the territory of the Republic of Kazakhstan of investment, commemorative, and jubilee coins from precious metals shall be regulated by currency legislation of the Republic of Kazakhstan.

Article 15. Importation of refined precious metals and gemstones

Refined precious metals and gemstones shall be imported onto the territory of the Republic of Kazakhstan by legal entities and individuals licensed to perform transactions involving precious metals and gemstones in the procedure established by customs legislation.

Article 16. Liability for a violation of this edict

For a violation of this edict, legal entities and individuals performing transactions involving precious metals, gemstones, and items of jewelry shall be liable in accordance with legislation of the Republic of Kazakhstan.

Article 17. Procedure of implementation of this edict

1. This edict shall take effect the day it is published.

2. The provisions of Article 6 and clause 1 of Article 7 in respect to deals involving refined precious metals which have been sold at primary auction and subclause 2 of clause 1 of Article 13 of this edict shall be put into effect following confirmation of the rules of the conduct of primary auctions.

[Signed] N. Nazarbayev, president of the Republic of Kazakhstan
Almaty, 20 July 1995.

Karaganda Coal Basin Problems Reviewed

954F2878A Almaty NOVOYE POKOLENIYE in Russian 21 Jul 95 No 27, p 11

[Article by Gulnar Iskakova, NOVOYE POKOLENIYE correspondent: "The Mines of Karaganda Under a Smoke Screen"]

[FBIS Translated Text] Difficult relations are developing between the miners of the Karaganda coal basin and the government of the republic. There was a discussion about this at a conference of the work collective of the PO [Production Association] Karagandaugol. The miners and trade union leaders talked in a rather harsh way about the fact that high government officials are in a temporizing position for already the third year, diverting the Karaganda miners from a resolution of the main Karaganda questions on the development of the coal industry. The situation is aggravated by the fact that at one time the state, after setting fixed prices for coal, practically robbed the miners and compelled the payment of debts that had been formed through no fault of their own. The mines were stifled by taxes.

This is the situation today. In a number of coal mining enterprises, wage debts have not been settled for October of last year and February of this year. It has already become a usual occurrence when miners are lowered hungry under the ground without box lunches. The government pretends that it does not notice the protest actions of the Karaganda miners, including this year's January strike. A high-level governmental commission visited the mining capital in June. The results of its work did not bring material improvements in the life of the coal basin. Under a smoke screen of decrees, edicts, and agreements about social partnership,

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the government seemed aloof from the problems of the industry.

In recent years, the volume of mined coal in the Karaganda basin has decreased by 20 million tonnes, and it continues to drop swiftly. The coal industry, which in the recent past was capable of competing with any country in the world, is falling apart in front of our eyes.

The work collectives of the mines today are not finding an answer to the question—what will their future fate be? The Karaganda region has been turned into a zone of economic disaster, where every fourth miner is laid off without an allowance. The chain of government decisions and decrees only soft-pedal the situation, pushing the problems of the industry inward.

No one doubts that the Karaganda basin needs state support as it needs air. This has been said by both the leaders of the PO Karagandaugol and by ordinary miners.

Demands on the Cabinet of Ministers of the Republic of Kazakhstan were drawn up at the conference. Designated the main point was the demand for an immediate convocation of a permanently operating trilateral commission on social partnership and regulation of socioeconomic and labor relations, with the participation of the territorial Coal Miners' Council and the Coordination Committee. It is planned to resolve the following questions in the commission. To establish benefits for the enterprises of the PO Karagandaugol in the form of state support until the period when the economy of Kazakhstan arrives at real stabilization. To write off deferred indebtedness for payments to the budget, bank credits, and interest on them for 1994. To exempt enterprises from the payment of taxes on exports and calculated fine sanctions for 1992-1993, and also on accounts receivable for hard currency earnings that were not received. For closing unprofitable mines, to allocate from the state budget special resources for the years 1995-96 in the amount of 1-1.2 billion tenge. To allocate 3.8 billion tenge to settle indebtedness formed as a result of the government's establishment at one time of fixed unprofitable prices for coal for the years 1993-95. To support the volumes of production at the existing level, the miners are demanding the allocation of another 300 million tenge per month, and to support the social infrastructure of mining cities and settlements, another 360 million monthly.

Vasiliy Telnoy, deputy general director of PO Karagandaugol, who gave a report in place of "General" Grigoriy Prezent (on that day he made an urgent flight to Almaty for a meeting of the Cabinet of Ministers on the question of the situation in the Karaganda coal basin), assured the conference participants that after acquiring economic independence they had begun to issue to the mines up to 48 percent of the cash at the expense of the coal association. This, in his opinion, inspires some optimism. However, on this comforting point the forecast of the deputy for economics ended. It was in March, when the mines received the status of independent economic components, that the peak of the miner protest actions occurred. Section meetings with the agenda "On the Physical Condition and Nourishment of the Workers" were held at the Kirovskaya and Sherubay-Nurinskaya mines. In meeting protocols, the miners confirmed the fact that they are lowered under ground hungry. In one of the sections of the Kirovskaya mine, out of 117 workers only 16 take box lunches with them, and the rest are lowered without them: There was no money for the purchase of food products. The conference delegates voted for entry into a labor conflict with the republic. The countdown started from 29 June 1995. They delegated to the territorial council of the miners' trade union and to the coordinating working committee the right to represent the interests of the work collectives during the conduct of negotiations and to conclude contracts and agreements with the PO Karagandaugol.

It is possible that some will doubt the validity of the selection of power management tactics by the miners' trade union. A conflict situation by its nature is not pleasant, especially as it does not carry healthy energy within itself. But what is to be done with the fact that without receiving government support, the coal basin doomed itself to self-survival. How is one to explain that the government, having taken a tough position in the energy policy of the republic, actually abandoned the Karaganda mines to self-extinction. It is quite natural that in the situation that has taken shape, the miners, who have sufficient experience in the practical struggle for their interests and rights, once again chose the form of active opposition to the authorities. Entering into a conflict is a retaliatory reaction to the lack of attention to the problems of the coal basin on the part of high officials who in the performance of their official duty are obliged to face the needs of ordinary miners.

Kyrgystan

Kyrgyz Troops To Take Part in NATO Exercise

MM2607150995 Moscow KRASNAYA ZVEZDA in Russian 26 Jul 95 p 3

[ITAR-TASS report: "Kyrgyz Servicemen Will Take Part in NATO Exercises"]

[FBIS Translated Text] A platoon of servicemen and a group of officers of the Kyrgyz Republic will be taking part in NATO exercises in the United States

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6 through 28 August. The republic Defense Ministry's press service reported 25 July that questions pertaining to the Kyrgyz subunit's participation in the NATO exercises had been discussed by a Kyrgyz Defense Ministry delegation headed by Colonel Oleg Chechel, chief of a ministry directorate, in Brussels the other day.

Kyrgyzstan joined the North Atlantic bloc's Partnership for Peace program in June last year. Given the new conditions, the military department leadership considers that expanding direct contacts between Kyrgyz Army subunits and NATO troops is an imperative of the times. The emphasis in this case is being placed on an action of a peacemaking, humanitarian nature. According to well-informed officials, there is no question of Kyrgyzstan's joining NATO; the republic prefers the path of nonalignment and neutrality.

Preparations for Turkic-Language Summit Discussed

LD2607181895 Moscow INTERFAX in English 1456 GMT 26 Jul 95

[From the "Diplomatic Panorama" feature: Reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] BISHKEK, July 26 (INTERFAX) - Deputy Foreign ministers of Turkey, Azerbaijan, Kyrgyzstan, Uzbekistan, Turkmenistan and Kazakhstan held a consultative meeting in Bishkek to discuss preparations for a Turkic summit scheduled to be held there on August 28-29.

Alikbek Dzhekshenkulov, deputy foreign minister of Kyrgyzstan, told Interfax that the meeting had agreed on a draft agenda for the summit.

He said that the draft covers the stepping up of economic, cultural and humanitarian cooperation, consultations on regional and international issues and coordination of efforts in fighting terrorism, drug trafficking and illegal arms trade.

Dzhemshenkulov said that deputy foreign ministers have drafted a Bishkek declaration, the basic document of the summit.

In his words, most various opinions were voiced in the course of a heated discussion that were not necessarily unanimously accepted.

In particular, Dzhemshenkulov explained, the Turkmenian team wanted the priority to be given to cooperation in the framework of the Economic Cooperation Organization which includes Iran and Pakistan as well as Central Asian countries.

INTERFAX's sources also say that the Turkmenian team wanted the Turkic-speaking nations to support Ashgabat's call for international guarantees of that country's neutral status.

Dzhemshenkulov emphasized that the Turkic-speaking nations do not intend to set up a military or political bloc against any country.

"The desire of our countries to join their efforts in solving their economic, cultural and humanitarian problems is a natural process which should not be regarded as purely ethnic," he said.

In Dzhemshenkulov's words, "every Turkic-speaking nation wants to have its problems discussed. In particular, Turkey wanted the agenda to include the Cyprus situation, Azerbaijan the conflict with Armenia and Kyrgyzstan the ways the conflict in neighboring Tajikistan is resolved. But in drafting the declaration the experts tried to avoid evaluations or confrontational formulations."

He added that proposals had been made at the Bishkek meeting that the summit should be made open to other countries

Government To Regulate Alcohol Industry

LD2707102095 Bishkek Kyrgyz Radio First Program Network in Russian 1300 GMT 25 Jul 95

[FBIS Translated Excerpt] Kyrgyz Government Resolution No. 98, dated 21 July 1995, on introducing state regulation of the manufacture, storage, and sale of ethyl alcohol and alcoholic drinks:

1. The KyrgyzTamakAshHolding [Kyrgyz food products holding] company is to stop granting licenses for the manufacture of beer, wine, liqueur, vodka, and brandy products and for the trade in alcoholic drinks.

2. The State Tax Inspectorate under the Kyrgyz Finance Ministry is:

— to ensure that licenses for manufacturing beer, wine, liqueur, vodka, and brandy products and for the trade in alcoholic drinks are granted with the consent of the Kyrgyz Health Ministry and the State Inspectorate on Standardization and Metrology and ensure the introduction of a state register of enterprises engaged in these types of activity;
— from 1 August to 15 September 1995, to re-register those licenses previously granted by the KyrgyzTamakAshHolding company;
— within one month, to study the manufacturing and financial activity of enterprises producing alcoholic

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drinks and bring this into strict line with the requirements set by standards, technological and sanitary norms and instructions;
— to establish posts of state representatives, from the tax and customs organizations, at enterprises that produce alcoholic drinks. [passage omitted]

5. The distribution of ethyl alcohol being produced and imported for all consumers shall take place without the payment of excise tax under the regulations approved by the Economy Ministry.

Supervision of the distribution of ethyl alcohol to all consumers is to rest with the State Tax Inspectorate under the Finance Ministry. [passage omitted]

8. The Interior, Justice, Finance, Health, Industry, Trade, and Enterprise Ministries are within one month to submit a proposal to the Kyrgyz Government on increasing administrative and criminal liability for the unlicensed manufacture of beer, wine, ethyl spirit, brandy products and trade in alcoholic drinks, such liability to include confiscation of property, withdrawal of the right to a further license, and tougher punitive measures if the offense is repeated. [passage omitted]

[Signed] Prime Minister Abbas Dzhumagulov

Tajikistan

IMF Representative Offers Recommendations to Rakhmanov

LD2607190795 Moscow INTERFAX in English 1734 GMT 26 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 26 (INTERFAX) - Tajik President Emomali Rakhmanov received an IMF delegation led by the Deputy Director of the IMF Second European Department, Peter Keller.

Rakhmznov was briefed on the results of the delegation's nearly ten-day work in Tajikistan which was aimed at setting the ground for signing by the Tajik government and the IMF of a memorandum on providing Tajikistan economic assistance worth $50 million-$60 million. Keller said he believed that Tajikistan had made great strides during its first stage of economic reforms. He praised the first stage of monetary reform but added that "the Tajik economy requires a far larger amount of financing that we earlier thought." He said the IMF was concerned about the amount of money issued in the three weeks of July "which came to us as an unpleasant surprise."

According to the National Bank of Tajikistan, only 30 percent of the 1.38 billion Tajik rubles put into circulation since May 15 has ended up in banks.

Tajik presidential spokesman Davlatali Davlatov told Interfax that the IMF delegation's head had recommended that the Tajik government toughen the economic policy which means cutting state budget subsidies, foremost freeing prices on flour and bread (the lowest in the CIS), cutting subsidies for social needs. Keller also advised revising certain international agreements which he believed harm the Tajik economy.

Keller said he specifically had in mind the agreement under which Tajikistan was buying from neighboring Uzbekistan energy supplies at prices nearly two times higher than world ones on similar contracts.

The Tajik government was also recommended to lift the state's monopoly on cotton and aluminium, temporarily imposed since the beginning of 1995. Keller put forward a number of other proposals and observations which, as he said, need to be discussed and decided on at a high level so that the sides can start truly mutually beneficial economic cooperation.

A second IMF mission will arrive in Tajikistan in August. The IMF mission will inform the IMF board on the results of its work and on measures taken by the Tajik government for fulfilling earlier-achieved recommendations. Only after this will the IMF board make specific decisions on providing economic aid to Tajikistan, the IMF representative told the Tajik president.

Rakhmanov Critical of Officials' Incompetence

LD2707101695 Dushanbe KHOVAR in Russian 1220 GMT 25 Jul 95

[FBIS Translated Text] Dushanbe, 24 July — A state commission for checking on the activity of administrative bodies is being set up on the instructions of President Emomali Rakhmanov of Tajikistan. As Rakhmanov told a government meeting devoted to the performance of the national economy, the main reason why government decisions on deepening market reforms and introducing public order are not being implemented is frequently the incompetence of the heads of local authorities, enterprises, and organizations. This was one of the conclusions he drew during his recent tours around the country.

The president cited cases where incompetent people, sometimes with a criminal background, had been given leading posts. This has led to the creation of a criminal environment and served as the cause of many crimes.

Rakhmanov was especially critical of the law-enforcement agencies' work. At his demand, the power-wielding structures will undergo an unscheduled re-appraisal procedure in August and September. The

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president paid particular attention to the need for speedy adoption of laws on corruption and on the fight against organized crime.

Rakhmanov Takes Steps To Improve Ministries

LD2707091495 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 26 July 95

[FBIS Translated Text] Resolution of the government of the Republic of Tajikistan on measures to implement the instructions of President Emomali Rakhmanov of the Republic of Tajikistan that were put forward during his trip around the republic.

The government of the Republic of Tajikistan notes that in the course of his trip around the republic in May-July 1995, President Emomali Rakhmanov of the Republic of Tajikistan put forward a number of concrete directives on issues of foreign and domestic policy, socio-economic development, the appointment of top officials, the consolidation of law and order, and on safeguarding the rights and freedoms of citizens.

The government of the Republic of Tajikistan resolves that:

Ministries, departments, local executive authorities, and administrations and other republican economic management organizations, state companies and associations are to develop and carry out measures on the implementation of the directives of President Emomali Rakhmanov of the Republic of Tajikistan which were put forward by him in May-July 1995 in the course of his trip and the meetings held by the active residents of Leninabad, Gornyy Badakhshan Autonomous and Khatlon regions.

Special attention is to be paid to: the issue of accelerating the economic reforms in all sectors of the economy; a critical assessment of top officials' activity; use of current reserves; increasing the volume of production of goods and raising their quality, particularly consumer goods and agricultural products; improving economic indicators and fulfilling all obligations to the budget; as well as complete consolidation of labor discipline, combatting thefts in the production sphere and violations of law and order, by establishing effective control over implementation of these measures.

The proposed measures which were worked out by departments and other organizations of the president's apparatus to implement the directives issued by Tajik President Emomali Rakhmanov after his trip around the republic, are to be approved and the ministries, departments and apparatus of the president of the Republic of Tajikistan are to be instructed to act according to these measures.

The deputies of the prime minister and the leadership of the apparatus of the president of the Republic of Tajikistan are to carry out effective control over their implementation.

It is to be noted that the measures produced by the republic's government on stabilizing the social and political situation and the state of affairs in the economy, and on improving the provision of food products to residents are not being supported by effective activity from the power structures, and that the work of the law-enforcement agencies to consolidate law and order in the republic is extremely deficient. In this respect an extraordinary appraisal of personnel is required to be carried out in August-September 1995.

The unsatisfactory activity of the Defense Ministry of the Republic of Tajikistan on work with personnel in military units and sub-units and the low level of discipline among military servicemen is to be noted.

The Defense Ministry is to be set the task of taking urgent measures to eliminate shortcomings in work with personnel, to consolidate discipline among military servicemen, to man military units and sub-units with highly qualified and professionally trained command personnel.

The second and eleventh brigades stationed in the territory of Kolkhozabad and Bokhtar districts are to be replaced gradually by 1 September together with the Security Ministry of the Republic of Tajikistan in order to ensure that state discipline is tightened up in the areas where incursions are most likely.

With the aim of improving organizational structures in the interior troops of the Internal Affairs Ministry of the Republic of Tajikistan and improving operative management of the forces, the first special motor-rifle battalion under the Internal Affairs Ministry of the Republic of Tajikistan is to be disbanded.

The Internal Affairs Ministry of the Republic of Tajikistan is to transfer the personnel, arms, and logistical base of the aforementioned battalion to military units that are under its jurisdiction, in accordance with the established regulations.

The Ministry of Justice, the Security Ministry, and the Internal Affairs Ministry, with the participation of the prosecutor's office of the Republic of Tajikistan, are to submit to the republic's government for consideration a draft law on combatting corruption and organized crime, by no later than 1 October.

The Security Ministry of the Republic of Tajikistan is to form a special sub-unit for combatting terrorism from within the personnel of the ministry and to man it with

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well-trained and reliable personnel, by no later than 1 November 1995.

The Ministry of Economy and Foreign Economic Relations and the Ministry of Agriculture, together with the relevant ministries, departments, and organizations, are to accelerate the development of a program of economic reforms in the agro-industrial complex of the republic and to submit this to the government for consideration by no later than 5 August 1995.

The Customs Committee under the government of the Republic of Tajikistan is to activate work on preparing the necessary materials in order for Tajikistan to join the Customs Union between the Russian Federation, the Republic of Kazakhstan and Belarus.

With the aim of preventing the illegal circulation of narcotics, a stationary customs post is to be set up in Murgab district on the border with the Kyrgyz Republic.

The Defense Ministry is to organize training courses for junior officers and refresher courses for officers.

The Internal Affairs Ministry and the Ministry of Justice, together with the Ministry of Finance of the Republic of Tajikistan and Dushanbe administration are to supply more training material and equipment in order to improve educational programs on basic courses for law-enforcement organizations, justice employees, and state management bodies as well as for their low- and middle-level personnel, and are to submit the relevant proposals to the republic's government for consideration by 1 October 1995.

The Ministry of Culture and Information of the Republic of Tajikistan is to consolidate work on spreading the ideas of national accord and unity of the people, values common to all mankind, and to explain effectively the economic policy and work that is being carried out by the government of the republic and the president of the Republic of Tajikistan himself, to put into practice the provisions of the constitution of the Republic of Tajikistan focusing on the further strengthening of economic and socio-political stability in the republic.

In order to study in detail the activity of the law-enforcement agencies of the republic, and to implement decrees issued by the president aimed at intensifying the fight against crime, safeguarding the rights and freedoms of citizens, legality, law and order, on the selection and appointment of top officials, and to submit reasonable proposals to improve their activity further, a state commission is to be set up with the following members:

Mahmadsaid Ubaydulloyev, first deputy prime minister of the Republic of Tajikistan;
(Kabirov), state advisor to the president on issues of defense and law enforcement;
(Ikromov), senior advisor to the president;
(Samadov), advisor to the president;
(Habibov), head of department on defense and law-enforcement affairs in the presidential apparatus;
(Aminov), deputy head of department on defense and law enforcement affairs in the presidential apparatus;
(Zoiriv), head of the juridical department in the presidential apparatus;
(Sharipova), chief specialist of the juridical department in the presidential apparatus;
(Danilin), first deputy chairman of [word indistinct];
(Nuraliyev), state advisor to the president on personnel policy issues;
Anvarsho Muzaffarov, minister of finance of the Republic of Tajikistan;
Tukhtaboy Ghaforov, minister of economy and foreign economic relations.

Mahmadsaid Ubaydulloyev is to be entrusted with supervision over implementation of this resolution.

[Signed] The chairman of the government of the Republic of Tajikistan, Emomali Rakhmanov.

Communications Minister, Local Governors Dismissed

LD2507123395 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 25 Jul 95

[FBIS Translated Text] In accordance with Article 69 of the Constitution of the Republic of Tajikistan, Emomali Rakhmanov, the president of the Republic of Tajikistan, has dismissed the following people for grave shortcomings in their work:

Ibrohim Usmonov, the minister of communication of the Republic of Tajikistan;
Satvoljon Imomnazarov, the chairman of Khorog town administration;
Fayzullo Abdulloyev, the chairman of Asht district;
Saidamir Roziqov, the chairman of Bokhtar district;
Rais Muborakov, the chairman of Komsomolabad district;
Boboqul Sattorov, the chairman of Sovet district.

The above-mentioned edicts will be submitted to the Supreme Council of the Republic of Tajikistan for approval. Similarly, the Government of the Republic of Tajikistan has issued decrees freeing Qurbon Rasulov from the post of state councillor to the president of the Republic of Tajikistan on relations with social and political organizations and between nations, and Odil Tojiyev from the post of rector of the Tajik

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State University, in connection to their moves to other posts, and freeing Ergash Yamaqov from the post of rector of the Qandil Juraev Dushanbe State Pedagogical University on the occasion of his retirement.

Economics Minister Reports on Decline in Production

LD2607181995 Dushanbe KHOVAR in Russian 1215 GMT 25 Jul 95

[FBIS Translated Text] Dushanbe, 24 July — In spite of some positive changes in certain areas of the economy, the decline in public-sector production continues in the republic. This was stated by Tukhtaboy Ghaforov, economy and foreign economic relations minister, at a government meeting in Dushanbe today. The meeting discussed the performance of the national economy in the first half of this year.

The decline in public-sector production is attributable above all to the slow introduction of market relations, the disruption of existing economic ties, and the as yet unactivated fiscal and monetary system.

Thus, despite the fact that industrial output grew 6.6 percent, or 18.8 billion Tajik rubles, as against the May figure, and that 80 percent of the republic's enterprises increased their production volumes, this was still 23.3 per cent lower than last year's level. [sentence as received]

Electric power generation fell 14 percent in the first half year, and the extraction of minerals also fell.

The republic's immense negative foreign trade balance also shows how difficult the economic situation is. Exports are double the amount of imports. The relationship between exports and imports and the large negative trade balance shows that the republic is, as before, in debt.

The situation in the agricultural sector, too, is critical. Less cotton was sown this year than last year, and the area under cereals has decreased. In spite of the large amount of foreign-currency expenditures the number of livestock and poultry has fallen and meat and dairy production has dropped from last year's figures. An increased number of private farms is being seen as one of the ways out of this situation.

The state's ability to fund investment, above all in housing, hospital,and school construction, has been sharply reduced.

The economy minister emphasized that in order to revive and regenerate the country's economy,it is necessary to institute new methods of production organization which are characteristic of a market economy.

Uzbekistan

Chernomyrdin Arrives on Official Visit

LD2607171295 Moscow ITAR-TASS World Service in Russian 1625 GMT 26 Jul 95

[By ITAR-TASS correspondent Vilor Niyazmatov]

[FBIS Translated Text] Tashkent, 26 July — Russian Government Chairman Viktor Chernomyrdin arrived this evening in Uzbekistan on an official visit.

The Russian prime minister will spend three days discussing issues of a political, economic, and cultural nature along with the leaders of Uzbekistan. The central event of the visit will be talks between the head of the Russian Government and President Islam Karimov. A package of documents will be signed as a result of the visit.

Karimov Hopes For Cooperation With European Union

LD2607184795 Moscow INTERFAX in English 1614 GMT 26 Jul 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Islam Karimov at a meeting with members of a European Union Commission delegation in Tashkent on Tuesday [25 July] expressed the hope that cooperation with the EU would help towards Uzbekistan's faster integration into the world community.

The meeting focused on Uzbekistan's position in Central Asia, the republic's shift to market economy and the prospects of Tashkent's relations and cooperation with the EU, Karimov's press office told INTERFAX.

Karimov said the EU-aided programs for energy and water supply would help cut related spending by a third if implemented. He also stressed the significance and role that the EU was attaching to Central Asia including Uzbekistan.

On CIS, Karimov said there were serious prospects of CIS cooperation calling for EU support of the CIS integration plan.

It was pointed out that the country was in a difficult situation because of general uncalm in Tajikistan and continued fighting in Afghanistan.

For his part, head of the visiting delegation Fosian Foviadis said the European Union planned to send its own team to Tashkent to examine the possibility of striking a partnership and cooperation deal with that republic.

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Uzbekistan's possible entry into GATT-World Trade Organization was also discussed.

World Bank To Assist Development of Surtan Chemical Complex

LD2607154295 Moscow INTERFAX in English 1229 GMT 26 Jul 95

[FBIS Transcribed Text] TASHKENT, July 26 (INTERFAX-PIA) — The World Bank is looking for sources of financing and ways of finalizing the program of building the Surtan chemical complex in Uzbekistan.

According to the World Bank mission in Tashkent, the complex will be built around a major natural gas deposit in the Surkhandarya river valley. The facility will have two units, each of them with an annual capacity of 120,000 tonnes of plastic.

The Petroleum Information Agency, a division of Interfax, was told by the Uzbek oil and gas company Uzneftegazdobycha that the $120 million project is closely related to the current construction of a liquified gas facility in Surtan. The first unit, with a capacity of 60,000 tonnes of gas a year, will be commissioned in August. Two other similar units are to be built.

Last year Uzbekistan extracted 47 million cubic meters of natural gas. Experts forecast that this year extraction will amount to 50 billion and in 2000 even 60 billion cubic meters.

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Armenia

President Names New 28-Member Government

LD2707062995 Moscow ITAR-TASS in English 0518 GMT 27 Jul 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, July 27 (ITAR-TASS) — Armenian President Levon Ter-Petrosyan named a new 28-member government late Wednesday [26 July] and only five ministers are newcomers, including Economics Minister Andranik Andreasyan who headed a department of the government staff before his appointment.

Foreign and Interior Ministers Vahan Papazyan and Vanik Siradegyan retained their posts. The State National Security department was transformed into a ministry and is again headed by Serzhik Sarkisyan.

Vazgen Sarkisyan, who was a state minister responsible for defence, is now heading the Defence Ministry after the institution of state ministers was abolished.

Former state minister Gagik Martirosyan became the energy minister.

The ministry for relations with the CIS, the European Union and other international organisations was set up and is headed by Gagik Shakhbazyan.

Another novelty is the Information Ministry which was quite unexpectedly headed by poet and literary critic Grach Tarmazyan who earlier worked as head of the publishing department at the government.

For the first time in its history Armenia got a minister for relations with the parliament — Arsen Kamalyan and the minister for territorial management — Rubik Barsegyan.

Ministers of health, industry, special communications, transport, finances and justice retained their posts.

Several ministries and department of the previous government have been merged. Now the government also includes Vagan Melkonyan — the minister of trade, services and tourism; Ashot Voskanyan — the agricultural and food minister; Suren Avetisyan — the minister of ecology and subterrain; Armenak Kazaryan — the minister of education and science; Hakop Movsen — the minister of culture, youth affairs and sport; Rafayel Bagoyan — the minister of social security, migration and refugee issues.

Heads of departments for emergency situations, statistics, tax inspection were promoted to the rank of ministers.

The government administration is now called the Secretariat which is also headed by a minister.

The new government no longer has the state TV and radio, the state department for special programes which ensured economic relations with Nagorno Karabakh, the state department for refugees.

Arrested ARF Members 'Temporarily' Released

NC2607131695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0653 GMT 26 Jul 95

[FBIS Transcribed Text] Stepanakert ("AZG" daily-NOYAN TAPAN), 07/26/95 — Four members of ARF [Armenian Revolutionary Federation] Dashnaktsutyun party — former Deputy Chairman of the RMK [Republic of Mountainous Karabakh] Supreme Council Georgi Petrosyan, former head of the Commission on Foreign Affairs Levon Melik-Shahnazaryan, former member of the Supreme Council Board Valeri Balayan, and actress Joanna Galustyan, who were arrested on 7 July, have been temporarily set free upon certain conditions.

Ex-secretary of the Supreme Council Vachagan Hakobyan is still under arrest. Investigation continues. The main claim against mentioned ex-officials is "abuse of power".

Azerbaijan

Aliyev Receives Georgian Ethnic Relations Delegation

NC2607210995 Baku Radio Baku Network in Azeri 1700 GMT 26 Jul 95

[FBIS Translated Excerpt] Azerbaijani President Geydar Aliyev today received Aleksandr Kavsadze, chairman of the Georgian State Committee for the Protection of Human Rights and Interethnic Relations, and the officials accompanying him. During the meeting, Aliyev said these types of contacts will help develop ties between our people.

Kavsadze thanked the Azerbaijani president for the meeting and relayed Eduard Shevardnadze's invitation to visit Georgia, adding that Georgia sees Geydar Aliyev an ideal leader.

He then discussed the recent visit to Georgia by an Azerbaijani delegation led by Hidayet Orujev, state adviser on ethnic affairs. During that visit, the Azerbaijani guests visited the Azerbaijani areas and observed the living conditions. Now, Kavsadze added, we can meet the Georgians living in Azerbaijan. Kavsadze told the Azerbaijani president: They respect you and consider themselves citizens of Azerbaijan. They are doing all

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they can to consolidate Azerbaijan's statehood and sovereignty. This is the result of your wise policy and that of the Georgian president. [words indistinct]. [passage omitted]

After the meeting, Azerbaijani President Geydar Aliyev expressed thanks for the invitation to Georgia and said he has not visited that country in a long time and will take advantage of this opportunity soon.

Hidayet Orujov, state adviser on ethnic affairs, was present at the meeting.

Chechen Official Gives Press Conference in Baku

NC2607125795 Baku TURAN in English 1948 GMT 25 Jul 95

[FBIS Transcribed Text] Baku/25.07.95/TURAN — Press-conference of the representative of Chechen republic in Russia Khamad Kurbanov took place today. Opening the meeting Kurbanov said that he arrived from Moscow to visit his mother who is in Baku. "I am going to return to Moscow in soon," he said.

Commenting on the course of peaceful talks in Groznyy Kurbanov said that "there were two factors which caused the beginning of the talks: pressure by the West on Russia and events in Budennovsk." Kurbanov believes that the refusal by the West to provide financial support to Moscow, the refusal of Europe to admit Russia to European Community urged Kremlin to look for alternative ways out of the crisis. At the same time Kurbanov thinks that the Kremlin is not ready to the political settlement of the problem yet. "Moscow delays the talks trying to incline us to failure-peace," Kurbanov said.

The representative of the Chechen republic in Russia noted that neither Kremlin nor Russian delegation in Groznyy knows what to talk about. "The main goal of the delegation is to delay the talks in order to soften the position of the West." "It has been successfully done with the help of such a cunning politician Arkadiy Volskiy," he said. Kurbanov said that the role and position of Chernomyrdin in the resolution the Chechen crisis "was not sincere."

In conformation of his words he talked about the dialogue between the Chairman of the Committee of soldiers' mothers of Russia Maria Kirbasova and Victor Chernomyrdin. "They are the Muslims and they understand nothing but the language of tanks and guns," Chernomyrdin said during his talk with Kirbasova.

Assessing the perspectives of the negotiations in Groznyy Kurbanov said: "Maximum compromise for Chechnya — are the confederative relations with Russia, we will never agree with federation."

Responding the question of TURAN agency on strategic interests of Russia on the Caucasus Kurbanov said that today some circles in Moscow try to make the situation in Azerbaijan and Georgia unstable. "Kremlin is concerned over the unstable Azerbaijan which by its existence is implementing the interests of all peoples of Caucasus," Kurbanov said. "Resistance of Baku to the dictatorship of Moscow makes Russia use all means for destabilisation of the political situation in Azerbaijan. The purpose is to bring to power pro-Moscow government. Today the question of the independence of Chechnya, Georgia and Armenia is resolved in Azerbaijan. If Azerbaijan manages to defend its independence, its neighbours will also be able to defend their independence," Kurbanov noted.

Responding the question on the role of the Caspian oil and pipelines at the beginning of the war in Chechnya Kurbanov noted that "oil is one of the main reasons of that war." According to him, some circles both in Europe and the U.S. and in the Arab countries were interested in the beginning of that war. "That made impossible the construction of pipeline through the North Caucasus. Today all pipelines at the territory of Chechnya (from Dagestan to Ingushetia) are fully destroyed are they cannot be a talk about transportation of Baku oil through Groznyy," Kurbanov noted.

Georgia

NATO General Arrives for Talks With Shevardnadze

MM2707104495 Moscow PRAVDA in Russian 27 Jul 95 p 1

[Unattributed report: "Shevardnadze in NATO's Embrace"]

[FBIS Translated Text] General Jeremy McKenzie, commander of the NATO Joint Armed Forces, Europe, Rapid Reaction Corps, arrived in Tbilisi yesterday. The meetings between E. Shevardnadze and Gen. McKenzie will discuss the question of drawing up plans for individual cooperation between Georgia and NATO.

Shevardnadze: Georgia 'Must Be a Federation'

LD2607183095 Moscow INTERFAX in English 1614 GMT 26 Jul 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Contemporary Georgia must be a federation which is the only right decision, Eduard Shevardnadze said.

He said at the emergency meeting of the Georgian parliament Tuesday, dedicated to adopting the country's

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new constitution, he hoped that the new constitution's adoption would consolidate the society and orient it towards creative activity.

The parliament's emergency meeting was called on the request of Shevardnadze.

He urged deputies to be impartial and to prevent confrontation when discussing the draft constitution.

The parliament passed a resolution concerning the procedure for considering the draft constitution. The parliament decided that it would discuss the draft constitution every day from 10:00 till 16:00 until August 3. The parliament also decided to set up a reconciliatory and an editing commissions.

Article Examines 'Conceivable' Presidential Candidates

AU2607163195 Tbilisi ARGUMENTI in Georgian 20-27 Jul 95 p 2

[Report by Giorgi Meladze: "Conceivable Candidates for the Presidency"]

[FBIS Translated Text] As expected, the decree adopted by Parliament on 4 July on setting a date for parliamentary and presidential elections has resulted in the intensification of political life in Georgia. The congresses held by political parties during this period should be viewed as one of the main signs of this. Against this background, the unusual passivity of future presidential candidates appears somewhat strange. However, we should view this as a temporary phenomenon conditioned probably by the continuing talks and consultations between these persons and various political forces and we suppose that this trend will soon give way to an extreme show of emotion. The strained personal relations between certain possible candidates, along with other important factors, gives us grounds for making this assumption. This particularly concerns candidates representing left-wing forces in Georgia.

According to current information, it is assumed that the left in Georgia will have two candidates in the future presidential elections. These are the current head of state Eduard Shevardnadze and Member of Parliament Jumber Patiashvili [former first secretary of Georgian Communist Party Central Committee]. The strained relations, to put it mildly, between these two politicians are well known to everyone. In this article we will direct your attention only to their supporters.

Eduard Shevardnadze's main power base in the future elections will be the many subgroups united within and close to the Georgian Citizens Union [GCU]. The Georgian Democratic Union, Socialist Party, Union of Reformers, and the socialist subgroup and former Greens within the GCU will compete with one another to fulfill the main role. One supposes that the subgroup that is today "united" within the parliamentary faction "the Liberals" will try to get involved in this dispute. For Shevardnadze's supporters, the use of the head of state's name will be an additional stimulus during their parties' preelection campaign and, as such, represents a possibility of attracting voters. We remind you that the "Mshvidoba" [Peace] and "Ertoba" [Unity] blocs used this ploy during the 1992 elections. Proceeding from the same thinking, many parties, including the opposition, may adopt a pro-Shevardnadze position or profess their loyalty to him. Naturally, this profitable trump card will be used, first and foremost, by the Union of Traditionalists of Georgia.

Jumber Patiashvili's list of supporters is much shorter. Patiashvili's main supporters in the future elections should be viewed as the United Communist Party that has been condemned by Shevardnadze and is a movement well known for demanding a halt to the privatization process. The position of other strong subgroups that are in conflict with the head of state is as yet unclear. In the event that they do not present their own candidates, it can be assumed that it will be precisely Jumber Patiashvili who will receive the support of some of them. In the view of specialists, it is less likely that Batoni Jumber will present a serious challenge to the head of state. However, he is capable of taking away from him a significant segment of votes. This is especially the case in the Shida Kartli region and also in the Mtskheta rayon where Patiashvili and the Communists are particularly strong.

In contrast to the left wing, other forces do not have definite candidates. Those most often mentioned are Akaki Bakradze and Tedo Paatashvili. Batoni Akaki's supporters are made up in the main of the parliamentary opposition. In addition, one assumes he will also receive the support of the Zviadists [supporters of ex-President Zviad Gamsakhurdia] who, proceeding from the principle of the lesser of two evils, will vote precisely for him. Akaki Bakradze's rating remains high and, in the event of his nomination, he has the most realistic chance of opposing Shevardnadze, if not of defeating him. However, one should also take into account here that his radical opposition to Shevardnadze does not at all exclude his taking what has become a traditional step, namely withdrawing into the background.

Tedo Paatashvili's candidature has been mentioned most often by Irakli Tsereteli, leader of the National Independence Party of Georgia [NIPG], who views him as the sole representative of the truly national movement. No matter how paradoxical it seems, Paatashvili's candidature is not supported by his own party [United Repub-

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lican Party] and this exposes his weakness. However, Batoni Tedo's chances will increase if the alliance between the NIPG, the Ilya Chavchavadze Society, and the "Archevnebi" [Elections] society and its subgroups, which was spontaneously formed during discussion of the Constitution, is preserved and it presents him as its candidate.

Many other political figures are being mentioned alongside the aforementioned, the most important of whom is Ajarian Supreme Council Chairman Aslan Abashidze. If Batoni Aslan were to be nominated, he could indeed create real problems for Eduard Shevardnadze. However, given the current situation, it is less likely that this will happen. No matter who will be nominated as a presidential candidate, Eduard Shevardnadze's victory is not in doubt. Apart from his fairly high rating, he also has the advantage of the regional authorized representatives who, by using their own apparatus and powers, can really influence the results of the elections and profit from the weakness of and divisions among the opponents. In order to strengthen his position, the head of state has used his traditional and well-tried ploy, namely he has appointed Nugzar Nadaraia as mayor of Poti and increased his influence in the Samegrelo region and thereby further reduced the chances of his opponents.

Ioseliani's Emergence as Opposition Leader Viewed

MM2607124995 Moscow ROSSIYSKAYA GAZETA in Russian 25 Jul 95 p 7

[Report by Mikhail Shchipanov: "'Doctor Dzhaba' Throws Down the Gauntlet"]

[FBIS Translated Text] The recidivist Dzh. Ioseliani, founder and leader of the "Mkhedrioni" paramilitary organization, has decided to do battle with Georgian leader Eduard Shevardnadze on a purely political field.

The consistent disarmament of the three main "Mkhedrioni" bases by the forces of the Georgian Ministry of Internal Affairs has struck a most painful blow at the positions of Dzhaba, who seemed to have been invulnerable amid the Georgian lawlessness. The pretext for these large-scale operations by the Georgian police were accusations against the "corps of rescuers" of the most banal of crimes. The Mkhedrioni have not just been racketeering, but they absolutely could not rid themselves of the military habit of looking at certain territories as their own "patch" granted to them so that they could feed their young stomachs.

The Georgian authorities conducted a fairly effective propaganda campaign against Dzhaba's command, showing on the television screens the sights of atrocities appalling even in an unstable region. And although Ioseliani himself produced his inimitable smile when sorrowfully declaring the immutable fact that even law enforcement organs staffers sometimes violate the law, and therefore even the "Mkhedrioni" family, as they say, has its black sheep, its position in the imagination of ordinary people has been undermined. Furthermore, the authorities have started to put pressure on the proud Ioseliani from the other flank. Shevardnadze's representatives and governors at local level — appointed by his edicts — who rely on the law enforcement organs, have started to put more active pressure on the young Mkhedrioni members, constantly subjecting their so called commercial activity to legal monitoring.

Right now, when the new parliamentary elections are not a million miles away, so to speak, "Doctor Dzhaba" has decided to move onto the counteroffensive, remembering no doubt that attack is the best form of defense. Indeed, a blow has been struck at the most vulnerable spot of the authorities, as it was deemed in the "Mkhedrioni" camp.

First of all the leader of the corps stopped restraining his own political ambitions, virtually claiming the role of the only leader of the entire opposition, more precisely of the anti-Shevardnadze forces. In fact, given the splintered nature and the traditional squabbling among the Georgian political opposition, the figure of Ioseliani, who may enjoy a scandalous reputation, but a nationwide reputation nevertheless, as well as major finances and the well- oiled infrastructure of the corps, is beyond competition. The only thing lacking has been a consolidating idea. Apart from general antipathy to Shevardnadze, this role could have been filled, for example, by "pain caused by the humiliation of the motherland in Abkhazia." It is clear that Shevardnadze is most vulnerable to all kinds of "constructive criticism" in this sphere at the moment.

However, right away, "Doctor Dzhaba" moved from words to organizational action. Two electoral blocs are being formed virtually under his patronage and evidently with his money. One is "Mkhedrioni" proper, and the other, named in the style of post- Soviet thinking — "Choice." So they intend to take the ruling team in a pincers movement. Although no one is giving any guarantees that "Doctor Dzhaba" will not fall out with his most hard-line colleagues, who are traditionally opposed to any authority, whether political or criminal.

However, "Doctor Dzhaba" now prefers to conduct his attack in several directions. One of these is legal. The chief of "Mkhedrioni" intends to take Eduard Shevardnadze to court for appointing the governors who had caused so much trouble for his "guys."

And although the criminal case will obviously not come off, Ioseliani will probably rattle the government's

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nerves. In a word, "Doctor Dzhaba" is once again launching a big game. The stake is power. This also happened four years ago, when Ioseliani played an eminent role in overthrowing President Gamsakhurdia's regime. This time many people in Georgia are worried that Dzhaba may resort to the "ultimate argument." Because it has scarcely proved possible to confiscate all of the weapons from his "rescuers."

Opposition Deputies Reject Dual Citizenship Idea

LD2607134895 Tbilisi IPRINDA in Russian 0900 GMT 26 Jul 95

[FBIS Translated Excerpt] Tbilisi, 26 Jul — The extraordinary session of the Georgian Parliament, which is debating the draft new constitution continued on 26 July. Today's sitting discussed the basic rights and freedoms of citizens of Georgia laid down in Article 2 of the new constitution. An especially heated debate took place on the issue of dual citizenship. Opposition deputies were extremely opposed to it. It was decided in a vote that a citizen of Georgia cannot be a citizen of a foreign country. [passage omitted]

'Negative Reaction' to Compromise on S. Ossetia

MM2707104095 Moscow PRAVDA in Russian 27 Jul 95 p 1

[Report by Madina Shovlokhova: "Compromise Does Not Suit Everyone"]

[FBIS Translated Text] Tskhinval — The Georgian and South Ossetian sides have reached a compromise on a peace settlement to the internecine conflict. A statement issued by the sides states that with the mediation of the Russian Federation and the participation of representatives from North Ossetia and the Organization for Security and Cooperation in Europe [OSCE] both delegations, striving to reach a full-scale political settlement based on existing realities, believing that it is necessary to embark on the creation through joint efforts of a peaceful future for the Georgian and Ossetian peoples with a sense of dignity and mutual tolerance, and acting in a spirit of compromise and tolerance, have decided to begin cooperation on preparing the legal foundations of the status of South Ossetia and Georgia's state composition. To this end the sides will be embarking no later than 5 August this year on official talks on the basis of the principles of the international practice of the integrity of states and the protection of ethnic minorities' rights and freedoms.

But this statement prompted a negative reaction from the South Ossetian population. A rally of people met outside the Council of Ministers building in Tskhinval accusing the South Ossetian leadership of betrayal and calling for its resignation.

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Estonia

Sinijarv Discusses Border Agreement With Russia

LD2607181095 Moscow INTERFAX in English 1456 GMT 26 Jul 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksander Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] TALLINN, July 26 (INTERFAX) - The Estonian government has instructed its foreign ministry on Tuesday [25 July] to "intensify the conclusion of an Estonian-Russia border agreement on the basis of the Estonian constitution," Estonian Foreign Minister Riivo Sinijarv told INTERFAX in Tallinn.

He said that in accordance with the constitution, Estonia's land border was established by the Tartu peace treaty of February 1, 1920.

Given this, Tallinn lays claims on an area of 2,500 square kilometers in Russia's Pskov and Leningrad regions which were rejoined to the Russian Federation after Estonia became the Soviet Union's constituent member in 1940.

Russia believes that in the same year the Tartu treaty became invalid "in the absence of the subject of international law which concluded this treaty."

Sinijarv also said that although the Estonian government is to submit to parliament for ratification the Estonian-Russian agreements on the Russian troops' withdrawal and on social guarantees for Russian military pensioners, the deputies would hardly have time to consider them during the emergency session on August 1 and 2. "Such documents require thorough scrutiny in the parliamentary commissions," he said.

These agreements were signed in Moscow on July 26, 1994, by Russian President Boris Yeltsin and Estonian President Lennart Meri. Russia's State Duma ratified them last Friday.

More Details on Border Talks

WS2607134595 Tallinn BNS in English 1228 GMT 26 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 26, BNS — Estonian and Russian foreign ministry officials at a meeting on the issue of the border between the countries in Tallinn on Tuesday and Wednesday agreed to continue similar consultations on a regular basis.

The foreign ministry work groups and border guard officials of both countries are to next meet in the Russian town of Pskov in September.

The two-day meeting in Tallinn was focused on preparation of the draft of a border agreement. A protocol setting down the outcome of the work was signed by the heads of the consultation groups, Russian Ambassador Extraordinary Vasiliy Svirin and Estonian Foreign Ministry Deputy Chancellor Raul Malk, a foreign ministry spokesman in Tallinn said.

The parties at the meeting agreed that it was possible to sign an intergovernmental agreement in the near future on the the activity and the powers of the border guard work groups.

Estonia's Raul Malk, in remarks after the end of of the two-day meeting on Wednesday, said the topic of the Tartu peace treaty of 1920 had been the most difficult one at the talks so far.

The Estonian government on Tuesday ordered the foreign ministry to work more actively on preparations for a border treaty with Russia. The government again asserted that the border accord must be based on the borderline as set down by the Tartu peace treaty and the country's constitution.

Malk told BNS the government's instruction at this stage meant that consultations had to become regular.

"Consultations on the border issue have taken place nearly every two weeks over the recent period," he said.

Malk said Tuesday's decision by the Estonian government to send the Estonian-Russian agreements on troop withdrawal and on retired Russian military to the parliament for ratification didn't have any direct link with the border consultations.

But he added that as negotiations never tokk place in a vacuum, the surrounding political atmosphere had a certain influence on them.

Politicians Debate Wisdom of Treaty With Russia

WS2607121795 Tallinn BNS in English 1000 GMT 26 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 26, BNS — A decision by the Estonian government Tuesday [25 July] to send the Estonian-Russian agreements on troop withdrawal and military pensioners to the parliament for ratification has not settled differences over the treaties among leading politicians of the country's ruling coalition.

The then opposition Coalition Party, which now is the senior member of the ruling coalition, was among the toughest critics of the agreements when they were signed by President Lennart Meri and his Russian counterpart Boris Yeltsin last summer.

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The agreements on Russian troop withdrawal from Estonia and on social guarantees for retired Russian military living in that country were signed in Moscow on July 26, 1994.

Foreign Minister Riivo Sinijarv, of the Coalition Party, now says time has helped settle the controversies over the signing of the treaties and that there is no point in criticizing the agreements a year later.

"The situation has changed and in a new situation it is possible to ratify the treaty together with the (pensioners') agreement," Sinijarv told the Eesti Sonumid newspaper.

Sinijarv expressed hope that the MPs won't protract discussion of the treaties when the documents are put to the parliament in early September.

"The political forces that concluded the agreements are now in the opposition and it would be absolutely natural if they supported the ratification," the minister said. "It seems to me that there should be no discord between the opposition and the ruling coalition on this matter," he added.

European Affairs Minister Endel Lippmaa, a leading critic of the Yeltsin-Meri agreements form the very start, has said ratification of the agreements without signing a border accord with Russia would be the worst of all possible options for Estonia.

In such case Estonia would essentially admit there was no Soviet occupation and would also fail to acquire recognition of the nation's independent statehood, he told the Postimees newspaper.

Lippmaa said the current government had been under compulsion to hand the treaties to the parliament, because the previous government in a ruling last November had approved the documents and had said they should be ratified.

The minister added, however, that his position on the issue was that neither of the two agreements can be ratified just as they are.

The head of the Estonian parliament's foreign affairs committee, Eino Tamm, has said ratification of the treaties would depend largely on the climate of Estonian-Russian relations in the near future. He said the foreign affairs committee had considered adding to the ratification bill some clauses expressing Estonia's current political stance.

Tamm said this could include a statement that the temporary staying of Russian troops in Estonia began on July 26, 1994—the day the treaties were signed in Moscow.

"Including that stipulation in the bill could well be one of the topics to be discussed by the parliament," he said.

The Russian Duma (parliament lower house) ratified the agreements on July 21, at its last meeting before breaking for summer recess. Only a few dozen members of the 450-seat Duma voted against.

IMF Data on Foreign Capital Investment

MM2607125295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 25 Jul 95

[Report by Galina Sapozhnikova: "Currency Injections" — from the "Business Tuesday" section p 1]

[FBIS Translated Text] Tallinn — According to IMF experts, $471 million had been invested in the Estonian economy by the end of last year. Some 7,700 enterprises are based wholly or partially on foreign capital, of which 53, 12.5, and 11.1 percent are based on Finnish, Russian, and Swedish capital respectively. The bulk of the investment was made in trade and light industry (36 percent), transport and communications (15 percent), banking (6 percent), and the services sphere (5 percent). According to the IMF, Estonia has certain advantages compared with the other Baltic republics. For instance, a stable national currency, success with economic reform, and favorable trading conditions with most countries.

President Meri Extends Stay in Finland

WS2607134495 Tallinn BNS in English 1228 GMT 26 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 26, BNS — President Lennart Meri, originally scheduled to return from a private visit to Finland Tuesday [25 July], has put off the return trip and was still in Finland Wednesday morning, a spokesman at his office said.

President Meri and his wife, Helle, are in Finland since July 15.

Meri had meetings last week with his Finnish counterpart Martti Ahtisaari and Finland's former President Mauno Koivisto. He also met with the country's outstanding cultural personalities as well as with army Commander in Chief Gen. Gustav Hagglund.

Narva, Sillamae Denied Use of Russian Language

MM2607130795 Moscow PRAVDA in Russian 26 Jul 95 p 5

[Report by Lembit Annus: "Russians, Speak Estonian! Even Among Yourselves"]

[FBIS Translated Text] The latest session of the Estonian Government has failed to meet the request made

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by the Narva and Sillamae self-governing formations that they be allowed to officially use the Russian language in internal correspondence. Commenting on this decision Estonian Prime Minister Tiit Vahi said during the traditional press conference following the Cabinet of Ministers session that "most members of the government were opposed in principle to Narva and Sillamae being accorded this right."

The ministers found that according this right to the republic's two northeastern cities would contravene the Language Law. But what is to be done about the Estonian Republic's Constitution then? After all, Russian is spoken by nine out of 10 citizens in Narva and Sillamae with their populations of 80,000 and 25,000 respectively. And the Estonian Republic's Fundamental Law says plainly in black-and-white that " local self-government formations in regions where the Estonian language is not the language spoken by the majority of the population can conduct internal correspondence, to the extent of and in accordance with the procedure prescribed by law, in the language spoken by the majority of the permanent population of this region."

So, what is going on? Culture and Education Minister Peeter Olesk said at this government news conference that "this is indeed enshrined in the Estonian Constitution. But the whole point is that the Language Law delegates this right to the government. However, the procedure for according this right to local self-government formations has not been enshrined in legislation."

According to the minister, that was the reason why the government did not authorize the self-governing formations in the cities of Narva and Sillamae to conduct internal correspondence in the Russian language.

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